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# THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE  
BRITISH COMMONWEALTH

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## IMPERIAL DIPLOMACY

THE events of the last few months, the debates over the ratification of the Lausanne Treaty and the arrangements about representation at the inter-Allied Conference in July have brought the Imperial problem to the front once more. It is evident that there is the utmost confusion of thought in all parts of the Commonwealth as to what is the basis of inter-Imperial relations so far as they concern foreign policy. It is the purpose of this article to attempt to state and clarify some of the issues involved.

### I. DOMINION STATUS IN 1919

PEOPLE in Great Britain do not generally appreciate the profound change which has taken place in the status and attitude of the Dominions since 1914. They are inclined to regard the whole development of Imperial consultation during the war and at Paris as part and parcel of the adaptation of the British constitution to the necessities of the war, and as having no permanent significance. Even Downing Street seems to have forgotten the lessons it then learned. The war has made as great a difference to the practical working of the British Imperial constitution as the introduction of woman's suffrage has made to the practical working of the domestic British constitution. It has entirely transformed the spirit which lives within its constitutional structure, even though it has not yet made much change in the structure itself. It is curious that the

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more conservative elements in Britain, which were once the principal champions of the Empire, seem to have been the slowest to understand the changes which have taken place.

Before 1914 the British Empire was an Empire—so far as foreign policy was concerned. All diplomatic negotiations were conducted from London and the signature of the Foreign Secretary bound the Dominions as well as Great Britain. It was only in 1911, after much public pressure and because of the British request in 1909 that the Dominions should contribute to both the naval and military defence of the Empire, that the Dominions were admitted, for the first time, to a full exposé of the international situation as it was viewed by Sir Edward Grey.

The war entirely changed this situation. First of all, the Dominions established their title to independent nationhood by creating national armies of their own, which, when pitted against the finest European armies, more than held their own. The figures of the troops raised by the Dominions and India and the casualties sustained are as follows :—

				Troops raised.	Casualties.	
					Fatal.	Wounded.
Canada	..	..	..	628,964	56,119	149,733
Australia	..	..	..	412,953	58,460	152,100
South Africa	..	..	..	136,070	6,928	11,444
New Zealand	..	..	..	128,525	16,132	40,749
Newfoundland	..	..	..	5,046	1,203	2,314
India	..	..	..	1,440,437	47,746	65,126

Secondly, in proportion as the Dominions made their influence felt on the battlefield, and in proportion as it became clear that neither British politicians nor British soldiers were infallible, the Dominions pressed first for information and later for a voice in determining the policy for which their citizens were giving their lives. In 1917 the Prime Ministers of the Empire came to England and, sitting with the five members of the British War Cabinet,

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made a thorough survey of the whole war situation. In 1918 they came again, but this time the Imperial War Cabinet did not merely survey: it became the supreme directing body of the British side of the war, and the Dominion Prime Ministers took part, not as visitors, but as members having very definite views and responsibilities of their own.

Finally, came the events at the Peace Conference. The Imperial War Cabinet developed naturally into the British Empire Delegation, which collectively determined British policy at Paris. But in addition, the Dominions claimed and secured direct representation at the Peace Conference itself on their own account. What happened was well described by Sir Robert Borden in the Canadian House of Commons on September 2, 1919. He said that after his arrival in London after the Armistice

the status of the Dominions at the Peace Conference came immediately into question and was the subject of earnest discussion. Various methods, which it is not necessary to explain, were suggested. In the end I proposed that there should be a distinctive representation for each Dominion similar to that accorded to the smaller Allied Powers, and in addition that the British Empire representation of five delegates should be selected from day to day from a pool made up of the representatives of the United Kingdom and the Dominions. This proposal was adopted by the Imperial War Cabinet. . . . The preliminary Peace Conference began at Paris on January 12, and the question of procedure, including that of representation, was immediately taken up by the representatives of the Allied and Associated Powers. At first strong objection was made to the proposed representation of the British Dominions. Subsequently there was a full discussion in the British Empire Delegation, at which a firm protest was made against any recession from the proposal adopted in London. In the end that proposal was accepted.

The adoption of the panel system gave to the Dominions a peculiarly effective position. At plenary sessions there were sometimes three Canadian plenipotentiaries, two as representatives of Canada and one as representative of the Empire. Moreover, throughout the proceedings of the Conference the Dominion delegates, as members of the British Empire Delegation, were thoroughly in touch with all the proceedings of the Conference and had access

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to all papers. . . . Dominion Ministers were nominated to and acted for the British Empire on the principal Allied Commissions appointed by the Conference from time to time to consider and report upon special aspects of the conditions of peace. . . . During the last month of my stay in Paris I acted regularly as Chairman of the British Empire Delegation in the absence of the Prime Minister of the United Kingdom, whose duties as a member of the Council of Four constantly prevented his attendance.

Thus as a result of Dominion action on the battlefield and in council it had been established, both in the organisation of the Empire and for international purposes, that the Dominions were equal partners in the deliberations of the Empire, and were entitled to representation on their own account, and not merely on a British Empire panel, in all general international gatherings and conferences. Accordingly, the Dominions affixed their own signatures to the Treaty of Versailles and were given individual representation on the Assembly of the League of Nations. It is curious to note that, inasmuch as the British member of the Council is a representative of the British Empire, Great Britain, as such, has no representation on the League of Nations.

The effect of the war was thus to make a fundamental change, not so much in the legal as in the moral structure of the Empire, so far as international affairs are concerned. It can be no more gone back upon than can the extension of the suffrage. The immense significance of the change to the Dominions themselves can be seen from the ringing words of Sir Robert Borden in the Canadian Parliament.

On behalf of my country I stood firmly upon this solid ground ; that in this the greatest of all wars, in which the world's liberty, the world's justice, in short the world's future destiny were at stake, Canada had led the democracies of both the American continents. Her resolve had given inspiration, her sacrifices had been conspicuous, her effort unabated to the end. The same indomitable spirit which made her capable of effort and sacrifice made her equally incapable of accepting at the Peace Conference, in the League of Nations, or elsewhere, a status inferior to that accorded

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to nations less advanced in their development, less amply endowed with wealth, resources and population, no more complete in their sovereignty and far less conspicuous in their sacrifice.

### II. THE BACKWARD DRIFT

**W**HAT has happened since? At the Washington Conference on naval disarmament the Versailles method was exactly repeated. There was first an Imperial Conference in London at which the general policy of the Empire about Pacific problems was settled, after being largely moulded by Dominion views. Then a delegation directly representative of all the Dominions, except South Africa, and of India, went to Washington and sat round the table as full members of the Conference, though it acted there as a single unit.

Meanwhile, in Europe things had been going the other way. At the long series of inter-Allied gatherings in Paris, in London, at Boulogne, Spa, Folkestone, Cannes, and so on, the Dominion representation more and more dropped out. Sometimes High Commissioners were called in for consultation. Ample information of what went on was sent by cable and despatch. But the direct participation of the Dominions in the endless negotiations about reparations, sanctions, the occupation of the Ruhr, and so on, practically disappeared.

It was perhaps natural that this should be so. The Dominions were represented at Washington because they were directly interested both in the naval defence of the Empire and in the political problems of the Pacific. But they were tired of the endless recriminations over the application of the Treaty of Versailles. They wanted time and leisure for reconstruction and development in their own sparsely inhabited territories. They were content to leave the primary initiative in working out the application of the Versailles settlement in Europe to Great Britain, as

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the member of the Commonwealth most nearly concerned and most experienced in European affairs.

The drift from the system which had grown up during the war and at Versailles reached its furthest point in the negotiations with Turkey at Lausanne, which followed the advent of a new Government to power in Downing Street. The general lines of the draft Treaty of Sèvres had been laid down by the British Empire Delegation. But disunity among the Allies and the defeat of the Greeks had left the Turks triumphant. It became necessary to make a new peace on the best terms obtainable. Unfortunately the British Foreign Secretary, forgetting the whole experience of the war and the Peace Conferences, and without discussing the matter with the Dominions, agreed with France that the Allies should be represented by two delegates each. The Foreign Office then seems to have remembered that the Dominions would have to be parties to the treaty. So a belated telegram was sent to the Dominions as follows :—

Yesterday invitations were sent by Governments of Great Britain, France and Italy to the Japanese, Roumanian, Yugo-Slav, Greek and Turkish Governments (both of Constantinople and of Angora) to send representatives to Lausanne, November 13, to conclude treaty to end war in East, which would replace Treaty of Sèvres. . . According to arrangements agreed upon with French and Italian Governments, each Government will be represented at Lausanne by two plenipotentiaries. Secretary of State for Foreign Affairs will personally act as chief British plenipotentiary, and it is proposed that he should be accompanied by British High Commissioner at Constantinople. Dominion Governments will be kept informed from time to time of the general lines of policy on which British plenipotentiaries propose to proceed, and of course of negotiations, and, as in case of the other Treaties arising out of the Peace settlement, they will of course be invited to sign new Treaty and any separate instruments regulating status of the Straits.

His Majesty's Government trusts that this procedure will be in accordance with wishes of your Government.

This, of course, was a grave departure from the whole constitutional system which had grown up in the war.

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It was intelligible that Great Britain should act as a kind of plenipotentiary for the rest of the Empire in working out the detailed application of the Treaty of Versailles. It was quite another matter that in the negotiation of the last of the war treaties, in circumstances which were clearly going to involve the surrender of vital points defined by the British Empire Delegation and vitally affecting at least India and the Australasian Dominions, Great Britain should calmly arrogate to herself the right to settle everything and expect the Dominions to sign on the dotted line. It was clearly "asking for trouble."

However, the trouble did not arise at once. The Dominion Governments also did not seem to be any more awake to what was involved than the British Government. Though only the correspondence with Canada has been published, it is evident that they, too, were quite ready to acquiesce in the line of least resistance, allow their responsibilities as nations to slide and authorise Great Britain to act on their behalf. One sentence in the Canadian reply, however, gave an indication of the storm which was to follow. Mr. Mackenzie King said (November 1, 1922):

Our Government has no exception to take to the course pursued by His Majesty's Government with respect to the conclusion of a treaty to end the war in the Near East. As, however, it is proposed to keep our Government informed from time to time of the general lines of policy on which British plenipotentiaries propose to proceed and of the course of the negotiations and to invite us to sign a new treaty and any separate instrument regulating the status of the Straits we deem it advisable to avail ourselves of the earliest opportunity to inform His Majesty's Government that in our opinion extent to which Canada may be held to be bound by the proceedings of the Conference or by the provisions of any treaty or other instrument arising out of the same is necessarily a matter for the Parliament of Canada to decide and that the rights and powers of our Parliament in these particulars must not be held to be affected by implication or otherwise in virtue of information with which our Government may be supplied.

To this the British Government, showing an extra-



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ordinary lack of comprehension of all that had happened since 1914, replied on November 16 :

We fully understand that it is desire of Canadian Government that any treaty with Turkey which may result from Conference should be submitted to Canadian Parliament for approval before His Majesty is advised to ratify it.

The Canadian Government, wishing to safeguard its constitutional rights, but still overlooking the responsibilities involved in the status of nationhood, replied on November 25 :

My message was intended to make clear that we had no exception to take to Canada not being invited to be represented at the Conference, but, inasmuch as we had been informed that we would be invited to sign a new treaty and any separate instrument regulating status of Straits, we wished to make it perfectly clear that in our opinion extent to which Canada may be held to be bound by the proceedings of Conference or by provisions of any treaty or other instrument arising out of the same was necessarily a matter for the Parliament of Canada to decide. We deem it of utmost importance that there should be no misunderstanding as to our position with respect to Canada's obligations in this and kindred matters. In our opinion Parliament will desire as respects treaty with Turkey and any other instruments arising out of Lausanne Conference to reserve to itself the right to decide upon the merits of the case what action on the part of people of Canada is right and proper.

In answer to this the British Government pointed out that "any Treaty resulting from Lausanne Conference will, of course, replace Treaty of Sèvres, and until it comes into force a state of war between the British Empire and Turkey will technically continue. The Treaty must, therefore, be binding on the whole Empire when ratified." But it also said that the procedure it had proposed had been framed "on assumption that Canadian Government would wish to follow procedure adopted in case of peace treaties with Germany, Austria and Bulgaria."

To this astounding statement Canada had naturally an



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overwhelming reply. Mr. Mackenzie King, on January 1, 1923, pointed out that

As regards Canada's participation there were in that procedure four separate, distinct and essential stages.

1. Direct representation of Canada at the Conference at which treaties were drafted and participation in the proceedings of the Conferences by Canada's representatives, each representative holding a full power signed by His Majesty the King, in the form of Letters Patent, authorising him to sign "for and in the name of His Majesty the King, in respect of the Dominion of Canada," any treaties, conventions or agreements that might tend to the attainment of the object of the Conference, the Canadian Government having, by Order in Council, sanctioned issuance of these full powers by His Majesty.

2. Formal signing of the treaties on behalf of Canada by the plenipotentiaries named.

3. Approval by the Parliament of Canada of the treaties thus signed on behalf of Canada.

4. Assent of the Government of Canada to the final act of ratification by His Majesty the King of the treaty signed on behalf of Canada approved by Parliament of Canada.

Your Grace is quite right in assuming that, as regards the treaties in which Canada is supposed to have a direct or immediate interest, the procedure here outlined is the one which our Government would wish to follow. In the case of main political treaties concluded since the War, the general rule seems to have been followed that, wherever the Dominions could be said to have a direct or immediate interest, the procedure was shaped to include their participation and signature of the proceedings. That in the case of the Conference at Lausanne a like procedure has not been followed with respect to representation and participation by Canada, has been regarded by us as evidence that, in the opinion of the countries by whom invitations to the Conference at Lausanne were extended, Canada could not have been believed to have the direct and immediate interest which she was supposed to have in the Conferences at Versailles and Washington.

To the course pursued with respect to Lausanne Conference we have, as mentioned in my telegram of October 31, no exception to take. As regards the procedure, however, it must be apparent that quite apart from any action or representation on the part of the Government of Canada a different procedure has been followed in the case of the present Conference at Lausanne to that followed at Versailles and Washington. In so far as one stage in procedure is necessarily dependent upon the stage preceding, it is difficult to

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see how a like procedure can be followed. Canada has not been invited to send representatives to the Lausanne Conference, and has not participated in the proceedings of the Conference either directly or indirectly. Under the circumstances we do not see how as respects signing on behalf of Canada we can be expected, in the case of a new treaty or of any separate instrument regarding Straits, to follow the procedure adopted in the case of the treaties with Germany, Austria and Bulgaria.

Meanwhile, the Lausanne Conference had been pursuing its dreary way with only two British plenipotentiaries. No amount of cabling, however, could get rid of the hard fact that the war had established the principle that no treaty could bind the Empire without Dominion consent, and therefore, that if a treaty was to be made at all either the Dominions must agree to ratification or secede from the Commonwealth. The crisis, of course, immediately arose over ratification. On March 21, the British Government invited the Dominion Governments to ratify the Treaty. On March 24, the Canadian Government replied :

Canadian Government not having been invited to send representative to the Lausanne Conference and not having participated in the proceedings of the Conference either directly or indirectly and not being for this reason a signatory to the Treaty on behalf of Canada my Ministers do not feel that they are in a position to recommend to Parliament approval of the Peace Treaty with Turkey and the Convention thereto. Without the approval of Parliament they feel that they are not warranted in signifying concurrence in the ratification of the Treaty and Convention.

The Government of the Irish Free State took the same line.

It is not necessary to summarise the vehement discussion which took place both in the British and Canadian Houses of Commons about the situation so created. Both the British and the Canadian Governments were forced to recognise that they had adopted impossible positions. It was established that the British Government could not, on its own initiative, wipe out the whole result of the war and go back to the position of acting as plenipotentiary

## The Revival of the British Empire Delegation

for the whole Empire and expect the Dominions meekly to endorse its decisions. It was equally established that the policy of the Canadian Government which implied that Canada was to remain part of the British Commonwealth but could evade the responsibilities of nationhood, was also an impossibility. The ratification of the Treaty of Lausanne was finally authorised by all the Governments of the Commonwealth.

### III. THE REVIVAL OF THE BRITISH EMPIRE DELEGATION

THAT the experience over Lausanne has had some educational effect can be seen from the negotiations over British representation at the July inter-Allied Conference in London. The full facts are not available. But it would appear that Mr. Ramsay MacDonald recognised that it was necessary to consult the Dominions about a Conference which was about to consider modifications in substance, if not in form, of the Treaty of Versailles. But he also agreed with M. Herriot that France and Britain should only have three representatives each. Accordingly, Mr. MacDonald seems to have proposed that the Dominions should choose one representative and the British Government two, and that the three should form the British Empire panel.

Needless to say, this proposal failed. It failed for two reasons. On the one hand, it denied to the Dominions the title to direct representation at plenary conferences dealing with matters directly affecting themselves at which the lesser States of Europe were represented. On the other hand, it established a distinction between a Dominion and a British point of view and attempted to represent both. After a thoroughly justified protest by Mr. Mackenzie King, a compromise was arrived at whereby the British Empire Delegation was resuscitated ; whereby the policy to be pursued by the British representatives at

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the Conference was to be discussed and decided by this Delegation; whereby one of the three British representatives at the plenary conferences was to be a Dominion representative, but speaking not for a Dominion point of view but for that of the British Empire Delegation; and whereby the other Dominion representatives were to attend the plenary conferences in the capacity of observers. It was made clear that this compromise did not constitute a precedent.

### IV. THE FORMULATION OF IMPERIAL POLICY

THE lessons of the Lausanne Treaty, the Imperial Conference (discussed in *THE ROUND TABLE*\* for March and June, 1924) and the London inter-Allied Conference, may perhaps be summarised as follows.

It is obvious that the nations of the British Commonwealth must have a common foreign policy. The only alternative is to dissolve the unity of the Commonwealth itself, which would immediately produce civil war in every self-governing part of the Empire. It is equally obvious that the method, which worked before the war, of allowing Great Britain to conduct foreign policy on her own initiative and expecting the Dominions to accept her decisions, is impossible to-day. The Dominions have established the status of nationhood, the primary characteristic of which is responsibility in international relations.

The practical difficulty arises from the fact that the British Commonwealth is scattered all over the world and that the international problems, which are constantly arising in every corner of it, affect its members in varying degrees. The distinction between matters which affect the Empire as a whole and those which affect only the individual nations within it was clearly recognised by the

\* *THE ROUND TABLE*, No. 54, March, 1924, p. 225, and No. 55, June, 1924, p. 495.

## The Formulation of Imperial Policy

resolution of the last Imperial Conference about the negotiation of treaties. It has since been recognised in a somewhat different form in the conditions which have been agreed about the appointment of an Irish Free State Minister to Washington. The distinction, indeed, is obvious.

It is manifest that more international questions directly affect Great Britain than any other part of the Empire. She is geographically part of Europe. She is responsible for the good government of India and vast areas of Asia and Africa. She must be primarily responsible for dealing with the day to day questions which arise in these areas, just as Canada must be primarily responsible for the day to day questions which arise along her border. It is only when European or Asiatic questions begin to affect more than one Dominion, or the Empire as a whole, that the problem of Imperial diplomacy arises.

The number of problems, however, which are of Imperial as opposed to British concern to-day is vastly larger than it was in 1914. There is the whole set of peace treaties which arose out of the war ; there is the problem of migration, European as well as Asiatic ; there is Russia with its constant revolutionary propaganda ; there are economic and exchange questions of every sort and kind ; there is the League of Nations and its correlated institutions. How is the line of demarcation to be drawn between Imperial and local questions ? And how is Imperial diplomacy to be conducted in those matters which affect the Commonwealth as a whole ?

The method of determining the line between national and Imperial diplomatic questions has already been laid down in the treaty resolution of the last Imperial Conference. Any Government of the Empire can call for Imperial consultation about any international problem if it thinks that it is of concern to itself or to the Empire as a whole.

The problem of conducting Imperial diplomacy, however,

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is more complicated. It falls into three parts. First, there is the problem of Imperial representation at international conferences. Second, there is the problem of treaty negotiation through the ordinary diplomatic channels. Third, there is the problem of securing agreement about Imperial policy to be pursued in either case.

(a) The question of representation was settled once and for all at Paris, at Washington, and in the League of Nations. It has been accepted by all nations in the three cardinal international instruments which have been drawn since the war, that the Dominions have the same rights of independent representation at general international conferences, or where their own individual interests are concerned, as those European States which do not rank as the Great Powers. There can be no going back upon that decision. All the difficulties which have arisen over Lausanne and the London Conference have come about through the failure of the British Foreign Office to grasp the significance of the years 1914-1922, and to stand out firmly for the rights of the Dominions to representation at all plenary sessions, at which the lesser Powers of Europe are represented. In view of what has happened at Paris, Washington and Geneva, no foreign nation has now any reasonable ground for contesting this right. The other argument commonly urged against full Dominion representation, that their presence will make for delay and confusion because it will unduly swell the numbers of the conference, has no real force. Plenary conferences have come to be regarded now as formal meetings, at which all parties to the Conference are represented, and in which the nations make formal declarations of policy, after which executive business is delegated to smaller and less unwieldy bodies.

(b) The method of treaty negotiation through ordinary diplomatic channels was settled at the Imperial Conference of 1923 and needs no further comment here.

(c) There remains the problem of securing agreement

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about the policy to be pursued either at conferences or through ordinary diplomatic channels. Here again the principle to be followed was laid down quite clearly during and after the war. In all matters affecting the Empire as a whole the nations of the Commonwealth speak with a single voice. They did so in Paris. They did so at Washington. They do so through their representative on the Council of the League of Nations. And they arrive at their agreed policy by thrashing out their differences of opinion beforehand in meetings of the British Empire Delegation. That is the system.

Whenever this practice has been followed there has been no trouble. Whence, then, have all the difficulties of the past eighteen months arisen? They have sprung from the fact that inter-Imperial organisation is woefully behind international organisation. There is no machinery whereby the nations of the British Empire can take effectual counsel together except at times of Imperial Conference. In consequence, the British Foreign Office has drifted back into the old pre-war rut of doing all the work itself and expecting the Dominions to say "ditto," and the Dominions have drifted back into the old pre-war rut of paying no attention to international affairs, in the hope of escaping the new responsibility which their national status implies. The result is inevitable. Every now and again, as at Chanak, and Lausanne, and London, the underlying facts of the international and inter-Imperial situation suddenly force themselves on people's attention and there is a row.

In the view of THE ROUND TABLE, the solution is not very difficult. It is to provide that that consultation, which is now occasionally undertaken in meetings of the Imperial Conference and of the British Empire Delegation, should be continuous. If the external policy pursued by Great Britain or by any of the Dominions is to represent more than a purely national standpoint, if the Empire is to avoid the shocks which are inevitable under the present want of



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system, there must be continuous consultation between representatives of all parts before, and not merely after, a crisis has arisen. That consultation, however, must take place under the same fundamental conditions as the Imperial Conference. It must maintain intact the complete independence of each Government, the right of each Parliament to pass a final judgment about the policy to be pursued, safeguards must be created against the exercise of any undue influence by any one part of the Empire, and provision must be made that public opinion of all parts is effectively informed, from time to time, of what is going on.

These conditions could be established if regular meetings were held, say weekly, between the High Commissioners and the British Foreign Secretary, for the discussion of whatever international problems were uppermost at the time. Such meetings would have no powers of their own. They would simply be diplomatic gatherings, in which every member would be a representative of an independent Government and Parliament. But they would enable the British Foreign Minister to keep himself continually apprised of the Dominion point of view, which he is not to-day, and it would give the Dominion Governments a really effective channel both for information and communication about international affairs, which they have not to-day. Moreover, such a system would automatically solve the special problem which has caused so much trouble of late. It would be one of the primary functions of these inter-Imperial meetings to get a decision, beforehand and not when it is too late, as to what matters should be treated as of general Imperial concern, which conferences ought to be attended by a full representation of the Empire and which should be attended by a smaller delegation instructed to speak for the Empire as a whole.

In order that the consultation may be really effective it ought to be the rule that the High Commissioners should be persons of wide political experience, and so qualified



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to deal effectively with the political problems continuously under review. It is also worth considering whether they might not be given seats in one or other Legislative House in their own Dominions. They need not be Ministers or even members of a party, but they would be more effective representatives of their national point of view, and each Dominion would have that sense of direct contact with international problems which is only possible from personal speech, question and answer, if every year the High Commissioners could, subject to the approval of the Prime Minister, give an account of their stewardship to Parliament.

The British Commonwealth to-day is engaged in a great and novel experiment. It is trying to work out the means by which separate nations, situated all over the globe, can stand as a moral and political unity in dealing with world problems. If it succeeds it will have bridged that gulf of extreme nationalism which is the principal cause of modern war. If it fails it will have proved that the world is not yet ready for any serious attempt to end war. It can only succeed, however, if the two cardinal elements of freedom and responsibility are faithfully safeguarded. Each nation within the Commonwealth must be perfectly free to take its own line. No part can be bound by any other part. But each part must also be willing to take a full and responsible share in deliberating about what the common policy should be, and about the liabilities involved in that policy.

Such an Imperial system, however, cannot possibly succeed without proper facilities for consultation. That is the life-blood of its existence. It has not those facilities to-day. Inter-Imperial communications to-day are less efficient and less fully developed than international communications. There are telegrams and despatches, but practically no personal touch between qualified people of experience, except at times of Imperial Conference. If Great Britain and the Dominions continue

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to go along blindfold, each in its own groove, there is bound to be a long series of dangerous collisions and disputes, such as have occurred recently, all of which could perfectly well have been avoided by a little common-sense consultation beforehand. The key to the problem of the foreign diplomacy of the Commonwealth is the establishment of a sensible system of diplomatic relations between its own members.

NOTE.—The treaties between Great Britain and Northern Ireland and the Union of Soviet Socialist Republics are dealt with elsewhere in this number. They raise points of great constitutional importance to the British Empire to which we will return at some future date.—EDITOR.

## EGYPT AND THE SUDAN

### I.

THE policy of setting up Egypt as an independent kingdom has so far brought us neither peace nor gratitude. It was hoped, when the British Protectorate was given up and British authority completely withdrawn, that this more than generous concession to their national aspirations would be welcomed with enthusiasm by the Egyptian people and would lead to the establishment of permanently friendly relations and cordial co-operation between Egypt and Great Britain. Recognising, as they now must do, the disinterestedness of the forty years of successful effort on our part, by which Egypt had been raised from a state of bankruptcy and extreme misgovernment to her present prosperous and orderly condition, the Egyptians, it was thought, would in future look to this country as their best friend. They would continue to avail themselves of British help in maintaining the improved system of administration, which we had built up, and with that end in view would seek to retain the services and be guided by the advice of at least a considerable number of the existing British officials, until such time as there was sufficient native ability available to replace them. And in the settlement of the still outstanding questions between Great Britain and Egypt they would meet us in a spirit of accommodation and goodwill.

In every respect these too sanguine expectations have been completely disappointed. Egyptian nationalism has been in no way placated by the unexpected realisation of its

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principal aim. The spirit of revolt against British, and indeed all foreign, influence is stronger than ever. A clean sweep is being made of the British officials, many of whom, including some of the most indispensable, have gone already, while almost all the rest are destined to go within the next three years. It is true that they are on the whole receiving fair and even liberal compensation for their broken prospects, and that many of them have retired, or have decided on retirement, of their own accord. But they have only done so because they have found that, under the new dispensation, they are impotent to carry on their work to their own satisfaction, and they are not prepared to remain as well-paid nonentities, watching the gradual relapse of the governmental machine into the old ruts of slovenliness and corruption. That the withdrawal of British control would lead to some loss of efficiency in the public services was no doubt to be expected. But the rapidity with which decay has set in and the dimensions which it threatens to assume are a painful surprise. Nor has the new all-powerful Parliament exerted any salutary influence in this direction. It is too intoxicated with the heady wine of high politics to take much interest in matters of internal administration, which urgently demand its attention. Egyptian politicians are indeed suffering from a severe attack of megalomania. Careful husbandry of the great natural resources of their country, an absolutely vital and by no means easy task, has not the same attraction for them as grandiose schemes for enabling Egypt to play a big part on the international stage. The establishment of expensive embassies, with nothing particular to do, in various foreign capitals is but a first step in this ambitious programme. There is talk of increasing the army, of creating an Egyptian navy, of introducing a gold standard and substituting the dollar for the pound sterling as the basis of exchange. Above all, there is an intense desire to sever the still remaining ties between Egypt and Great Britain, which are regarded as a mark of servitude.

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This attitude on the part of Egyptian politicians bodes ill for a solution by agreement of the questions which were deliberately left over for future settlement when Great Britain formally abandoned the Protectorate over Egypt in February, 1922. For in the view of the British Government and people, very clearly enunciated at that time, the recognition of the independence of Egypt was only one side of a policy, which on its other side contemplated the permanent maintenance of certain specially intimate relations between Egypt and Great Britain. It is well in this connection to recall the words of the then Prime Minister, Mr. Lloyd George, in his speech in the House of Commons on February 28, 1922\*, in which he expounded the Declaration of British Policy with regard to Egypt contained in the White Book submitted to Parliament.

The final clause of the Declaration (he said) defines the special relation between His Majesty's Government and Egypt. It declares that the following four points are absolutely reserved to the discretion of H.M.'s Government :—

(a) The security of the communications of the British Empire in Egypt.

(b) The defence of Egypt against all foreign aggression or interference, direct or indirect.

(c) The protection of foreign interests in Egypt and the protection of minorities.

(d) The Sudan.

We are prepared to make agreements with the Egyptian Government upon these matters in a spirit of mutual accommodation, whenever a favourable opportunity arises for the conclusion of such agreements. *But until such agreements, satisfactory both to ourselves and to the Egyptian Government, are concluded, the status quo will remain intact.*

The sentence here printed in italics is of peculiar importance. So, too, is the following passage :—

I must make another point clear. We regard the special relations between ourselves and Egypt defined in this Clause as a matter concerning only ourselves and the Government of Egypt. Foreign

\* Hansard, Parliamentary Debates, Vol. 151.

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Powers are not concerned, and we propose to state this unmistakably when the termination of the Protectorate is notified to them.

The welfare and integrity of Egypt are necessary to the peace and safety of the British Empire, which will, therefore, always maintain as an essential British interest the special relations between itself and Egypt long recognised by other Governments. The definition of these special relations is an essential part of the declaration recognising Egypt as an independent sovereign State.

In the two and a half years which have elapsed since those words were spoken no progress whatever has been made in the settlement of any of the four points to which Mr. Lloyd George referred. In the interval the ruler of Egypt, previously known as the "Sultan," has assumed the title of King, while the country has been endowed with a written constitution, a popularly elected Legislature, and a Ministry responsible to that body. At the head of that Ministry, supported by an overwhelming majority in Parliament and idolised by the people, is Zaghlul Pasha, who owes his phenomenal popularity primarily to his successful opposition to the Protectorate, but nowadays perhaps even more to the confidence felt in his ability to get rid of the remaining ties between Egypt and Great Britain. Zaghlul Pasha himself is no extremist, but neither is he the man to risk the exceptional position which he holds in the affection of his fellow-countrymen by abating anything of their most extravagant demands.

### II.

UNDER these circumstances it is evident that we are confronted with a prospect of acute controversy over every one of the points upon which Mr. Lloyd George proclaimed our readiness "to make agreements with the Egyptian Government in a spirit of mutual accommodation." And perhaps it is fortunate that the first move in the game should be the adoption of an aggressive attitude

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by the Egyptians on the one point, with regard to which our position is legally and morally the strongest, namely, the Sudan.

For the Sudan is not an Egyptian but an Anglo-Egyptian possession. At one time an Egyptian dependency, it was completely severed from Egypt by the successful rebellion of the Mahdi. For thirteen years after the death of the Mahdi it was under the despotism of his successor, the Khalifa. Every vestige of Egyptian authority had disappeared, and indeed Egypt itself was only saved from being overrun by the Sudanese hordes through the help of Great Britain. At length, in 1896-8, the Sudan was gradually reconquered by British and Egyptian forces under a British General. When the reconquest was complete, an agreement was entered into by the British and Egyptian Governments (the Convention of January 19, 1899), regulating the status of the Sudan and defining the respective rights of Great Britain and Egypt with regard to it.

The effect of that agreement, the validity of which in international law has never been questioned, was to establish an Anglo-Egyptian condominium over the Sudan. In a case tried in 1910 before the "Mixed Tribunal" of Cairo, an independent international Court, quite free from any pro-British bias, it was laid down that the Sudan had become "a new State, distinct from and independent of Egypt and possessing administrative, legislative and judicial powers." This "new State" has now for five and twenty years, in strict accordance with the provisions of the Convention of 1899, been under the control of Great Britain. For the Convention vested all administrative and legislative authority over the Sudan in a Governor-General appointed by the "Khedive" (subsequently the "Sultan" and now the "King" of Egypt), but nominated by the British Government. By virtue of this arrangement successive Englishmen, notably Sir Reginald Wingate, during whose long Governor-Generalship the Sudan made



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enormous progress, have exercised supreme power in that country, while all the higher administrative posts, with few exceptions, have been filled by British officials. And the result has been one of which the British people have every right to be proud. From being a barbarous country, groaning under a fanatical despotism, devastated and depopulated by constant bloodshed, the Sudan has become, through all its vast extent, a land of peace and order, with a contented and growing population, a large measure of tribal self-government, and a rapidly increasing revenue, while its great agricultural resources are being steadily developed and give promise of immense future prosperity. But the only safeguard of this great edifice of progress is the controlling hand of the civilised Power which alone laid its foundations and has continued to direct its construction.

This being the present position, the demand that Great Britain should entirely withdraw from the Sudan and leave it in the hands of the Egyptians, to do what they like with, is certainly not lacking in audacity. That demand not only totally ignores the rights of Great Britain, but it takes no account of the interests of a third party, pre-eminently entitled to consideration in the matter—the people of the Sudan. For when the Egyptian Parliament and Press and the political world of Egypt generally clamour for the “complete independence of Egypt *and* the Sudan”—that being now the accepted formula of their policy—the last thing they contemplate is that the Sudan should be independent of Egypt. The Sudan as a separate State, independent of everybody, is indeed, at the present time, a sheer impossibility. One might as well talk of the independence of an infant school. What this formula admittedly means is the restoration of the *status quo ante* the overthrow of the old Egyptian dominion over the Sudan—that dominion, at once weak and tyrannical, which never brought any good to the Sudan and ended in ignominious collapse. One may reasonably



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doubt whether, if the Egyptians again attempted to govern the Sudan, the result would not be the same. In any case it would be well to wait till they have proved their capacity to make a good job of the administration of their own country, which so far they have not shown much disposition to set about. For their failure in the Sudan now would entail far more serious consequences than their former failure. In those old days the Sudan was just a savage country, inhabited by warring tribes of diverse races, which civilisation had not begun to reach. There was nothing much for misgovernment to destroy. But the modern Sudan, as it has been shaped by more than twenty years of British administration, is something very different. Its people are settling down to an ordered life, and there is security for men to reap that which they have sown. Industries, especially the important industry of cotton-growing, have sprung up and are being vigorously developed. Capital is being attracted to the country—indeed a good deal of capital, mostly British, over and above the thirteen millions guaranteed by the British Government, is already invested there. Trade is increasing and there is a general growth of prosperity. In one word, civilisation has struck root in the Sudan. But it is still a tender plant, needing for a long time yet to be carefully tended. To hand over the government of the Sudan at this stage to inexperienced hands of very doubtful capacity would be an act of criminal folly.

Fortunately there is no likelihood that any British Government will commit itself to so rash an experiment. In the speech already referred to Mr. Lloyd George said, speaking of the Sudan, "His Majesty's Government will never allow the progress which has been already made, and the greater promise of future years, to be jeopardised." And the recent declarations of the present Ministry have been at least equally emphatic. A time will no doubt come when in the Sudan, as elsewhere, with the spread of education and the growth of a native educated class, there

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will be a demand for a greater measure of self-government which it may be right to concede. The day is indeed still distant when any part of the Sudan can safely be entrusted to unaided native administration. But if and when that day comes, it would be in accordance with the traditional policy of this country to favour the extension of native authority. The gradual transference of the administration of the Sudan to Sudanese hands is indeed the natural line of development. What would be unnatural and retrograde, and what Great Britain cannot permit, is that the administration of the Sudan, in its present state of political infancy, should cease to be British and should become Egyptian.

On the other hand it is beyond question that Egypt has rights and interests in the Sudan which we are bound to respect. Her rights may indeed be said to be of our own creation. It would have been possible for Great Britain after the reconquest of the Sudan, which could never have been effected without British assistance, to annex that country to the British Empire. Egypt, then still completely under British control, would have had no choice but to acquiesce, and Egyptians generally would certainly at that time have regarded the matter with indifference. But the British Government, acting upon the advice of Lord Cromer, took a more generous and no doubt more equitable view, and decided to recreate a political nexus between Egypt and the Sudan, while providing against the possibility of the latter country falling again under Egyptian domination.

There were in fact some good reasons, apart from any claims on the part of Egypt based on former ownership and participation in the war of reconquest, for not effecting a complete separation between her and the Sudan. For the two countries, though inhabited by totally distinct races, between whom there is little sympathy, are, geographically, linked very closely together. There is no clear physical boundary between them. The same great river flows through the heart of the Sudan, as it does through that of Egypt, and while vital to the very existence of the latter

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country, is also the only source of fertility for large tracts of the former, and is the chief artery of communication between them both. The natural, though not the only outlet for the trade of the Sudan is through Egypt, and on the other hand Egypt is very open to attack from the Sudan and could never feel safe, if that country was wholly alienated from and possibly hostile to her. The case for maintaining some sort of political connection between Egypt and the Sudan, as long as it did not involve the subjection of the one to the other, was thus extremely strong.

And to these arguments, which are as valid to-day as at the time when the condominium was established, there are other considerations to be added. For if Great Britain may justly claim the chief credit for the wonderful progress of the Sudan since its reconquest, it must not be forgotten that Egypt also has made a substantial contribution to it. Under British direction many Egyptians have been employed in the Civil Service. The Egyptian army, commanded certainly by British officers, has furnished the bulk of the garrison. Lastly, and this is the most important point of all, Egypt has assisted the Sudan financially, not only by paying for the troops she has kept there, but by making good a long succession of deficits in the budget of the civil administration. For though, owing to good financial management and the growing wealth of the country, those deficits have steadily diminished, it is only in quite recent years that the civil budget has been balanced and now shows a surplus.\* The Sudan is thus heavily in debt to Egypt. For though it would be unfair to debit the Sudan with the whole of

\* The following figures (in round thousands) illustrate the steady improvement in the finances of the Sudan.

	Expenditure.	Revenue.
	£	£
1899 (the first year after the conquest) .. .. .	230,000	126,000
1909 .. .. .	1,153,000	1,042,000
1919 .. .. .	2,720,000	2,992,000
1923 .. .. .	3,392,000	3,766,000
		675

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this Egyptian expenditure, since Egypt herself has derived great benefit from it in security and in the increase of her trade, yet no reasonable allowance for this set-off can be made which does not leave a large amount to the credit of Egypt.

There is one further consideration of the first moment which must not be omitted in this summary of the rights and interests of Egypt in the Sudan. The greatest of those interests is the retention of a fair share of the water of the Nile. A passage in the Report of the Milner Mission which visited Egypt in 1920-21 sums up the position.

The Nile (says this Report), upon which the very existence of Egypt depends, flows for hundreds of miles through the Sudan and it is vital to Egypt to prevent any such diversion of water from the Nile as might diminish her present cultivable area or preclude the reclamation of that portion of her soil, some 2,000,000 acres in extent, which is capable of being brought under cultivation, when by means of storage the present supply of water available for irrigation has been increased. Hitherto the amount of water drawn from the Nile in its passage through the Sudan has been of negligible amount, but as the population of the Sudan increases that country will require more water for its own development and a conflict of interest between it and Egypt might arise.

This matter is evidently one in the settlement of which Egypt has every claim to be generously treated.

Bearing all these considerations in mind, it is possible to indicate the policy which, in justice both to Egypt and the Sudan, Great Britain is bound to pursue. "The Sudan," to quote again from the Report just referred to, is "a country entirely distinct from Egypt in its character and constitution," and is clearly entitled to an independent existence. Under British administration, steadily directed to the increase of its material resources and to fitting its people for an ever-increasing measure of self-government built upon the development of local institutions, the Sudan has already made great strides in the right direction. This healthy progress we cannot allow to be interrupted, not to say destroyed, as it would certainly be, if the control

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of the administration were now to be transferred from British to Egyptian hands. But while firmly resisting the claim of Egypt to take over the government of the Sudan, we must be careful to respect her legitimate position in regard to that country.

And, if the problem could be approached in a spirit of mutual goodwill and accommodation, there would in fact be no difficulty in reconciling these different interests. The Anglo-Egyptian Convention of 1899, the "constitutional charter" of the Sudan, as Lord Cromer called it, under which that country has made such remarkable progress, does not need to be altered. On the contrary, it ought to be firmly adhered to. But while the legal position requires no modification, the great change which has come over the relations of Great Britain and Egypt since 1922 does call for some changes, not inconsistent with the terms of the Convention, in the actual administration of the Sudan, if constant friction is to be avoided. While Egypt and the Sudan were equally under British control, the existence of a single authority over both countries made it possible, as a matter of convenience, to appoint the Commander-in-Chief of the Egyptian Army to be Governor-General of the Sudan, and to rely for the defence of the Sudan mainly on the Egyptian Army. But with an independent Egypt these arrangements are evidently destined to come to an end. For Egypt will certainly claim that the Commander-in-Chief of her army (the "Sirdar") should in future be an Egyptian, while it is essential that the Governor-General of the Sudan should be a Briton. And again it is as inequitable as it is undesirable that the defence of the Sudan should continue to be a burden borne mainly by Egypt. The time has long passed when an army of more than 10,000 men, costing nearly two millions a year, or indeed a regular army at all, is required for the maintenance of order. A much smaller force, rather in the nature of a constabulary, recruited in the Sudan, with a few British officers, would serve every

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necessary purpose, and would be at once much less expensive and under existing conditions much more serviceable than the present army. The numbers of such a force need not exceed five or six thousand men, and it would cost little more than half a million a year. This additional expenditure the Sudan will soon be well able to bear, and in the meantime any deficit which it might cause in the budget of the Sudan ought clearly to be defrayed, or at any rate advanced, by Great Britain. And lest it should be thought that this change, so desirable alike in the interests of economy and of sound administration, was designed to detract from the rights of Egypt under the condominium, it would be quite reasonable that, if the Egyptian Government desired it, a small detachment of the Egyptian Army should continue to be stationed in the Sudan to "show the flag." The British and Egyptian flags have flown side by side over the Sudan since its reconquest, and they would still continue to do so.

The withdrawal of the Egyptian Army, or the great bulk of it, from the Sudan would be a relief to Egypt, but it is not the only financial relief to which she is entitled. Sooner or later there would in any case have had to be a settlement of accounts between the two countries, and the present occasion seems to be an appropriate time for making it. The subject is indeed a thorny one, for it may not be easy to agree upon the figure at which the debt of the Sudan to Egypt should be fixed. It all depends on the answer given to one question—what proportion of the money spent by Egypt upon the Sudan should be regarded as having been spent for the benefit of Egypt herself? It would no doubt be possible to argue that it had all been so spent, for undoubtedly the advantages which Egypt has derived from the pacification and development of the Sudan have been worth all the millions that she has contributed to them. But even if this contention could be successfully maintained, it would be a great mistake in policy to put the claim for relief on the part of the Sudan so high, especially

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in view of the resistance which must be offered to extravagant Egyptian pretensions in other respects. This is a point on which Great Britain, while holding a brief for the Sudan, should be ready to agree to a compromise very favourable to Egypt, and, if Egypt would not accept even such a compromise, to leave the fair amount to be decided by some impartial arbitrator, provided that a reasonable number of years were allowed for payment of the debt.

And the same principle might be adopted with regard to the still more vital question of the waters of the Nile. On this subject the Milner Mission proposed that a permanent Commission, composed of three experts of the highest authority, should be set up, to settle all questions affecting the regulation of the river and to ensure the fair distribution of the water. To the appointment of such a Commission it would be difficult to raise any valid objection, and so far none has been raised. What certainly would, under present circumstances, be objected to is the further suggestion of the Mission that the three members of the Commission should be "representatives of all the countries affected—Egypt, the Sudan and Uganda." For, apart from the question whether Uganda really has any interest in the matter at all comparable to that of the two other countries, the Egyptians would be sure to say that, as the appointment of the representatives of Uganda and the Sudan would virtually rest with the British Government, the Commission would in fact be composed of two British members and one Egyptian. It is true that Egypt would really run no risk if the composition of the Commission was predominantly British. For the questions with which it would have to deal are purely technical, not political. Moreover, Great Britain, with her increasing dependence upon Egyptian cotton, would have every interest in seeing that Egypt's needs in the matter of water were amply supplied. No doubt Lancashire wants more cotton of the fine Egyptian quality, and for that reason is very anxious to see the cultivation of cotton of a similar quality developed



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in the Sudan. But not at the expense of Egypt. For there would be no advantage in obtaining more cotton from the Sudan if it meant getting so much less from Egypt. What is needed is an increase of the total supply.

But these arguments, sound though they be, are not likely to have much weight with the Egyptians in their present frame of mind. They are suspicious of our intentions. They are really in no danger, but they think they are, and it is important that they should not only be safe, but feel safe. Thus it is necessary that the impartiality of the Commission should be placed beyond the reach of doubt. And this could be done if the Commission consisted of a member appointed by the Egyptian Government, another appointed by the British Government on behalf of the Sudan, and a third appointed by some wholly disinterested party, such as the United States. Such a body should, of course, have no executive power, or right to interfere with the administration of either country. Its function should simply be to examine and report upon all new projects of any magnitude affecting the distribution of the Nile water. And the treaty or agreement creating the Commission should provide that no such project might be carried out if it threatened detriment to irrigated or irrigable Egyptian soil—thus recognising the prior right of Egypt to all the water that she can use.

Such are the general lines of a settlement, the most favourable to Egypt that Great Britain could propose, consistently with her duty of safeguarding the development of the Sudan. But is it a settlement, which Egypt, in her present mood, is likely to accept? That, to say the least, is doubtful. And if Egypt does not accept it, what then is to be done? To this question there would appear to be only one answer. When the British Government recognised the independence of Egypt, it declared, as we have seen, that certain points must be reserved for subsequent settlement, and that, until an agreement between Great Britain and Egypt had been reached with regard to them,



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"the *status quo* would remain intact." But in the case of the Sudan the *status quo* is, in the absence of such an agreement, totally unworkable. How can the British authorities in the Sudan carry on the administration, relying to a great extent upon Egyptian troops and Egyptian officials, if Great Britain and Egypt remain at loggerheads? Sooner or later, and the sooner the better, an end must be put to so intolerable a situation, which is simply inviting trouble. If the Egyptians persist in their claim to the sole ownership of the Sudan, which is in itself a repudiation of the Convention of 1899, Great Britain will have no option but to recognise that the partnership established by that Convention has in fact been broken and to take of her own authority whatever steps are necessary to ensure the good government of the Sudan, without further reference to Egypt.

And, first and foremost, the Egyptian Army will have to be completely withdrawn from the country, though some of its component parts may be retained as a Sudanese Defence Force. This change would not be as difficult to effect as it might appear at first sight, for it must be remembered that most of the regiments of that army stationed in the Sudan are composed of Sudanese and commanded by British and Sudanese officers. Moreover, in the last resort Great Britain always has the power, as she would in this case have the right, to bring effective pressure to bear on the Government of Egypt. And if it be objected that our taking the law into our own hands with regard to the Sudan must make the settlement of other questions still at issue between us and the Egyptians more difficult, the answer is that in all probability it would have precisely the opposite effect. The Egyptians have not unnaturally had their heads turned by the suddenness with which we abandoned the Protectorate. Looking back upon the course of British policy since the War, they have good excuse for thinking that Great Britain will concede anything to persistent

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clamour. It will make it easier and not harder for us to come to terms with them in future if they learn that Great Britain is as capable of resisting preposterous demands as she is ready to yield to demands which she deems just. When claiming the independence of their own country the Egyptians seemed to us to have a good case. In claiming the possession of the Sudan they have obviously no case whatever. To such a claim we ought to oppose an uncompromising refusal. The Sudan is a test case. Our manner of dealing with it will decide much more than the fate of the Sudan. For this is not the only direction in which we are being pressed to give to subject or weaker races what, for their sake as well as our own, we have no right to give. We have shown over and over again that we can be generous in concession. But we must not allow generosity to degenerate into weakness. Unless we can harden our hearts and turn a deaf ear to demands which, however persistent, are clearly unreasonable, we shall lose our Empire and shall have deserved to lose it.

## THE LONDON CONFERENCES

**T**HREE months ago all that could be said of the European situation was that it was ripe for development. The report of the Dawes Committee had diverted attention from the political to the practical economic aspects of the reparations controversy. General elections in France and in Germany had revealed important changes in the state of feeling of the French and German peoples. Formal British recognition of the Russian Government had been followed by negotiations in London with the Soviet delegates, and on the result of these discussions hung the possibility of resuming normal political and commercial intercourse with Russia.

Since June much progress has been made, and almost for the first time in five years it seems reasonable to expect some alleviation of the plagues which have tormented Europe. It is true, indeed, that the one settlement which at the time of writing has actually been achieved was only possible because the parties to it shared the desire to hide their failure behind a veil of agreement. The remarkable circumstances in which the Russian Treaties were concluded have tended to obscure the more important issues now being determined at the London Conference between the Allies and Germany. That Conference has a fair prospect of leading to an agreement, partial and temporary perhaps, but yet an agreement on an honourable and rational basis; and even if the Conference should fail, it will have faced the realities of the problem.\* Even failure in those conditions would in the end be worth more to Europe than the shallow illusion of success in which the Russian negotiations have ended.

\* See the note at the end of the article.

## The London Conferences

### I. THE RUSSIAN TREATIES

THE Russian Treaties have given rise to some curious divisions of opinion, having, for instance, been held to ridicule by the *New Statesman* and warmly applauded by the *Observer*, attacked by Mr. Lloyd George but blessed by most of the organs of his party. To some extent this may be accounted for by the obscurity of many of the provisions and by Mr. Ponsonby's failure to explain them. Not the least puzzling of the questions suggested by a perusal of the Treaties is the position of the Dominions in relation to them. The Treaties are concluded between Great Britain and Northern Ireland on the one hand and the Union of Soviet Socialist Republics on the other. The Crown is eliminated, and the unfamiliar term which replaces it certainly does not cover the Dominions. The Commercial Treaty indeed contains a provision permitting any Dominion to adhere to it, but no similar clause is included in the General Treaty. Is a British subject resident in the Dominions entitled to claim under the Treaty as a Russian bondholder, or is he left in the outer darkness of repudiation like mere Frenchmen or Italians? It is to be hoped that the Dominions themselves, who do not appear to have been consulted, will elicit an answer to such conundrums as this.

In the criticisms that follow there is no wish to belittle the endeavours of the Government to restore normal relations between the Russian and the British peoples. That is in itself a desirable object, and it is one which THE ROUND TABLE has consistently held in view. Some of the political clauses of the present proposals appear to mark definite progress beyond the point reached in previous negotiations with the Soviets, and so far as it can be shown that a break in the discussions would have jeopardised political relations, it is possible to sympathise with the

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Prime Minister's anxiety to keep the Conference alive. But there are certain broad reasons for thinking that the economic provisions of these Treaties are contrary to British interests, and that even if they are ratified they are unlikely to restore fruitful commercial relations between Great Britain and Russia.

The crux of the whole arrangement is contained in Chapter III. of the General Treaty, a chapter which is entitled *Claims and Loan* and is expressed as constituting a "single and indivisible unit." Under that chapter the Soviet Government agrees, "by way of exception" to its decrees repudiating the debts of its predecessors or nationalising private property, to satisfy the claims of British bondholders (provided they have not acquired their holdings from foreigners in the last three years) to pay the British Government a lump sum as compensation to British subjects for loss or injury incurred in Russia since the outbreak of war, and to compensate British owners of businesses or concessions in Russia nationalised under Soviet law. The scale and the terms of all these settlements are to be the subject of negotiation with the parties concerned or to be determined by mixed Commissions, but a settlement accepted by half the bondholders will be accepted by the British Government. The result of the further negotiations with these three classes of claimants is to be embodied in a further Treaty, which will only take effect after the British Government has obtained the authority of Parliament to guarantee the principal and interest of a Russian loan of an amount still to be fixed. In other words, the compensation of British claimants is conditional on the money being raised in Great Britain under a British Government guarantee.

To such a bargain there are in our view fundamental objections. Why is a British guarantee required? Because the credit of the Russian Government is worthless. It has not only defaulted on its obligations, it has repudiated them; and it is unwilling to offer security that any future

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liabilities it may enter into will not be similarly repudiated. Partial and conditional "exceptions" to general decrees of repudiation do not constitute a reversal of policy such as investors claim. By guaranteeing a Russian loan, the British Government can no doubt ensure within limits that the money is raised : but they are powerless thereby to restore Russian credit. No one can do that but the Russians themselves, and then only by conforming to the accepted standards of honest dealing between debtor and creditor. As it is with credit, so with trade. Commercial treaties and most-favoured-nation clauses are not the essentials. As long as the Russian Government retains the monopoly of foreign trade in its own hands, there is little chance of trade extending beyond barter at the ports. Any foreigner who enters Russia in order to develop trade with the outside world finds that in every petty commercial dispute his adversary is the Soviet and the Courts are its organs. Who would venture his liberty and his capital in such conditions, even if the reputation of the Government with which he were dealing were as exemplary as in fact it is deplorable ? It may be said that we are claiming the right to interfere in Russian internal affairs. Far from it. Russia is at liberty to make whatever arrangements its Government pleases ; but if it wishes to re-enter the world of international trade, then like every other nation it must accept the world's standards and any alterations in Russian internal arrangements which they necessitate.

By offering to guarantee a Russian loan the British Government has helped to obscure the real causes of the collapse of Russian credit, and it has lent the great weight of its authority to condone for the first time the repudiation by a foreign Government of its obligations. Russia is not the first State to default on or even to repudiate its debt. The one weapon which the investor and those responsible for issuing foreign loans can command against a debtor who repudiates his liability is the withholding of further credit until outstanding obligations are unconditionally

## Reparations

recognised. The proposed guaranteed loan to Russia can only compromise the preeminent position of British finance in the international market. The estrangement of the already irreconcilable extremists in the Labour party would not have been too high a price to pay for the failure of the Russian Treaty in its present form. It is true that the loan may never be made. As the Soviet representatives have failed after months of negotiation to come to terms with the bondholders and the other claimants, they may not even now succeed. Or Parliament may refuse to ratify the Treaties. These possibilities merely aggravate the folly of the provisional agreement, since it will be open to the Soviet to represent Great Britain as having made a settlement only to go back on it. In that event normal relations will be further off than ever.

## II. REPARATIONS

IT is profitable to turn from Russia to the problems with which the representatives of the Allies and of Germany are now engaged in their discussions in London. Could Germany be relied on to build her future existence on the foundations of the Dawes report? Was French opinion ready to accept the report with all its implications? These were the uncertainties three months ago, and if all doubts are not yet resolved, the real significance of the decision has been made clear to both sides in the discussions which have culminated in the London Conference. It may be well briefly to summarise the course they have taken.

As soon as it was known that M. Herriot was to succeed M. Poincaré, the Prime Minister took steps to develop personal relations and an atmosphere of cordiality. On a Sunday at Chequers Mr. MacDonald and M. Herriot examined the question of putting the Dawes scheme into operation, as they thought, from every point of view and arrived, or so they believed, at complete agreement.



## The London Conferences

They decided to summon an Inter-Allied Conference on the subject to meet in London on July 16. M. Herriot spoke to the journalists rather more freely about the Chequers meeting than he seems to have realised at the time, and from this indiscretion his troubles began. They at once became acute when a British Foreign Office memorandum containing suggestions for the agenda fell into the hands of M. Poincaré and his alert and powerful minority. It was made to appear that M. Herriot at Chequers had agreed to a profane inroad on the Treaty of Versailles and the powers of the Reparations Commission, inasmuch as the declaration of wilful default by Germany in the execution of the Dawes scheme was to be made not by the Commission, but by the Financial Committee of the League of Nations. M. Herriot was at once on the brink of defeat in his own Parliament and the Conference in danger of being wrecked before it met. Mr. MacDonald crossed hurriedly to Paris, and to save the situation agreed to withdraw his suggestion and to leave the Conference itself to determine what checks there should be on the action of the Reparations Commission. All this was unfortunate because it tended to weaken the British position and to shake the confidence of M. Herriot.

When the Conference met, it was soon compelled to come to grips with the fundamental difficulties. Its work fell naturally enough into three parts, which were referred to three Committees—the first dealing with the financial arrangements for the preliminary loan of £40 millions to Germany and the declaration of eventual default, the second with the method of replacing the present Franco-Belgian economic arrangements in the Ruhr and Rhineland by the Dawes system, the third with the complicated questions connected with the transfer in cash or kind to the creditors of Germany of the payments made under the Dawes scheme in gold marks. The First Committee devised a formula, in regard to the declara-

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tion and the consequences of default, which was intended to protect the Reparations Commission and the rights of any signatory under the Treaty of Versailles while offering certain safeguards to the subscribers of the new German loan against a repetition of such precipitate action as was taken by France in January, 1923. The formula was published in Paris before it had been discussed with the British and American bankers responsible for securing the underwriting of the loan. They at once pronounced the proposed safeguards inadequate. They pointed out that the flotation of the loan would in any event be difficult and would become impracticable if the security offered were in any way open to suspicion. The Reparations Commission had lived and worked in an atmosphere of intrigue, and without any reflection on its members its ability to act as an impartial tribunal was hopelessly discredited. Moreover, France did not propose to withdraw her troops from the Ruhr and explicitly maintained her rights under the Treaty of Versailles, *i.e.* the right claimed in 1923, in defiance of the British interpretation of the Treaty, to take separate action in the event of default. Were these facts calculated to allay suspicion of separate action by France in the future; and if such action was taken, did not the history of the last eighteen months suggest that the security for the new loan would become worthless? The military occupation of the Ruhr and the policy which it represents, carefully excluded from the purview of the Conference, were in this indirect manner brought in for the first time as the critical factor. They were also obstructing the work of the Second Committee, in which the method of the economic evacuation of the Ruhr was agreed except for the French claim to retain several thousand French and Belgian railwaymen on the German railways for the protection of their troops. Meanwhile, the Third Committee was endeavouring in the questions of transfers to make such arrangements as would minimise the risk of future disputes.

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The French delegates, after mature consideration, brought forward a new and extremely elaborate proposal in regard to default. Their object was to restore confidence in their future intentions without in terms withdrawing their claim to take separate action in the last resort. They proposed that, when the question of declaring German default was being considered by the Reparations Commission, an American citizen should join the Commission, with the same rights as its ordinary members. If the Commission were not unanimous, any member might appeal to a standing arbitral tribunal, appointed for five years, of three impartial and independent persons. Each Government would undertake not to take sanctions against Germany for default until such default had been established under this procedure, but in that event all the Governments concerned would "confer at once on the nature of the sanctions to be applied and on the method of their rapid and effective application." All existing rights under the Treaty of Versailles would be reserved. This French proposal for arbitration was linked up with a demand for a similar arbitral procedure in the event of a disagreement on the Transfer Committee, which will sit in Berlin and regulate all transfers on reparations account to the creditor nations, as to the existence of "concerted financial manœuvres" by Germany to obstruct transfers. As such manœuvres, if organised or supported by the German Government, would be tantamount to wilful default, the connection of ideas is apparent. Similarly, the French asked for arbitration in the event of supposed hostile discrimination which might, *e.g.*, prevent them obtaining German coke on commercial terms for the steel-works of Lorraine after compulsory deliveries had ceased.

The Conference had here reached a stage at which further progress was likely to be facilitated by the presence of German representatives. The Allies agreed, therefore, to the French formula, and invited the Germans. They

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came, free to raise objections to any particular proposal or to suggest conditions, and with no obligation except to co-operate loyally in bringing the Dawes report into operation. They were negotiating as equal members in a Conference in which the Allies had come to a preliminary agreement, but an agreement capable of modification and subject, indeed, as regards the final French proposal for declaring default, to the scrutiny and approval of the bankers responsible for the loan. To have reached this point was a notable achievement and demanded something more than an accommodating spirit in the negotiators. The general sense of the risks of failure has been much more evident than at any previous Conference.

Dr. Marx, Herr Stresemann and their colleagues have come to London knowing far more clearly than for months past where they stand at home. They know that a substantial majority of the German people is willing to accept the Dawes report as the only practicable refuge from catastrophe. They have called the Nationalist bluff, and they know that the Nationalist party dare not, in the present state of German feeling, take the responsibility of throwing out the Dawes scheme. But they know, too, that the implied authority given to them to sign is not unconditional. It contemplates signature after negotiation, not in such circumstances as Versailles, or London in May, 1921. Moreover, the Dawes report means the report undiluted, as a whole with all its conditions, expressed and implied. Above all, German opinion insists on the military evacuation of the Ruhr, not only because the occupation makes economic evacuation unreal and must inevitably cause friction, but as a recognition of the claims of German sovereignty. With this background Dr. Marx was bound at once to raise the question of the Ruhr, and it is extremely doubtful whether he or anyone else could carry the Dawes scheme through the Reichstag unless he had received an assurance of the complete evacuation of the Ruhr at an early date.

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As at so many previous meetings, the result of the Conference is seen to depend upon France. It would appear to the outside, and therefore perhaps to the prejudiced, observer that M. Herriot has everything to gain by a courageous decision which will give him a settlement. It is true that his present Parliamentary majority is small and unstable, and that his opponents, with M. Poincaré at their head, are eager to raise the cry that France has been betrayed. But there are many signs that the real mind of France is bent on an agreement; *vive la paix* in the streets of Paris has a welcome and significant sound; and the sensitiveness of the franc to every rumour, favourable or adverse, from the Conference is a powerful argument in defence of a bold policy. If he takes back peace, much will be forgiven to M. Herriot by his own people; to return empty-handed means certain disaster.

If an agreement can be reached for the early evacuation of the Ruhr, the success of the Conference seems assured. For evacuation would go far to allay the doubts of the bankers as to security, and it would dispose of such suggestions as the retention of a nucleus of French and Belgian railwaymen in Germany. Many awkward problems raised at this Conference or likely to arise in the near future could be settled by an extension of the principle of arbitration which has already been so widely introduced at the instance of the French. An agreement, for instance, is not inconceivable for the reference to arbitration of such matters of interpretation in the Versailles Treaty as the date on which the fifteen years of military occupation in the Rhineland begin to run, or the right claimed by France to take separate action after German default (arbitration in this case only to apply if the right were ever claimed again).

On the most favourable interpretation of the prospects of this Conference, what does it mean to Europe? Is it the end of the reparations controversy and the beginning of an epoch in which wealth will be transferred year by

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year from Germany for the benefit of the creditor nations, without financial or economic disturbance and with the regularity of a pleasing routine? Does it mean peace at last and a trade revival? What obligations does it impose on the British Commonwealth?

The Prime Minister said recently in the House of Commons that the only point on which he had ever felt any certainty in regard to reparations was that "many people would be disappointed." Three years ago THE ROUND TABLE,\* in its comments on an earlier London Conference, used these words:

Is it conceivable that for half a century or more the threat of occupying the Ruhr will be periodically invoked in order to compel a population of over sixty millions, which will every year *ex hypothesi* become more highly industrialised and productive of greater wealth, to continue to pay this tribute?

The menace of occupation may have disappeared, but the argument is not invalidated. For the Dawes scheme presupposes forms of foreign supervision, and if necessary of foreign interference, over the whole range of German financial and industrial activity which it is difficult to believe can be permanently maintained with the willing consent of a great nation, or without that consent by the hidden threat of a still more unpleasant alternative. The present Conference has left untouched the question of the total German debt, but sooner or later that question is certain to be revived.

Moreover, the authors of the Dawes scheme have not themselves claimed for it that in the long run it will work. They have put forward their proposals as the only rational method of attempting to obtain reparation payments on a large scale, but the method introduces features that are frankly experimental. The most important of these is the organisation of the Transfer Committee. It remains to be seen whether such sums as the equivalent of £125 millions a year can in fact be transferred in any form to

\* THE ROUND TABLE, No. 43, June 1921, p. 601.

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the creditors of Germany, and if not, what will be the effect of a foreign organisation established in Berlin with funds up to the equivalent of £250 millions at its disposal for investment in Germany. The real merit of the Dawes scheme is that it gives Europe a breathing space, possibly of several years' duration. In that time passions may have abated and the pressure of financial problems be relaxed. In a changed atmosphere political feuds may become susceptible to mediation and the nations of Europe ripe for a settlement in the true sense. The very real problem of French security survives the London Conference. How can a nation of thirty millions sleep at nights when an ancient enemy of twice the population is on its frontier? The problem is not insoluble, but in the end it will certainly wreck the Dawes scheme unless in the impending interval of experimental inactivity a solution is found by the two nations directly concerned.

Success breeds success, and in addition to delay the putting into operation of the Dawes scheme may be expected to give that confidence to the statesmen and the nations of Europe which is essential to the issue of further negotiations. For the same reason the restoration of Germany will tend to increase the volume of world trade, but whether the indirect advantages of that result in the case of Great Britain will outweigh the effect of a revival of German competition is perhaps still in doubt. Certainly there is no warrant for the alarming forecasts of some critics of the Dawes scheme, who have maintained that we are in danger of being driven from the markets of the world.

The obligations placed on the British Empire by a settlement on the lines proposed are less serious than they might have been if some of the earlier Conferences, for instance that at Cannes, had been effective. But they are not negligible. By far the most important is the undertaking expected of the "signatory Governments" to consult together as to sanctions against Germany after a declaration of wilful default. The elaborate procedure to be followed



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before such a declaration can be obtained makes it unlikely that default could be established and sanctions called for in such an event as the failure of the Dawes scheme in one of its experimental features. But it is well to point out that wilful default, in a form not open to dispute, may conceivably occur at some future date, and that if it does occur, the British Empire may have to choose between taking part in sanctions or breaking a moral engagement. That choice the United States, not being a signatory,\* would be spared, and indeed the British Empire would be committed to act as a more jealous trustee for the American investor in the new loan than the American Government itself. However remote the risk, that is a very serious position.

### POSTSCRIPT.

As we go to press, the news comes that agreement has been reached by the International Conference on the Dawes report. The delegates have so far only affixed their initials, but they are to meet on August 30 to sign in full. This is, it is understood, to give M. Herriot and Herr Marx time to get their Parliaments' sanction, which is required for the final step. As regards the Ruhr, the Germans have now acquiesced in the military evacuation taking place within a year. The French and the Belgians have, on their side, agreed to remove their troops on the morrow of the final signature of the agreement from the Dortmund-Hörde zone in the East Ruhr, and from the territories outside the Ruhr occupied after January 11, 1923.

\* There is no reason to expect that the United States will sign any agreement made at the London Conference. The document relating to sanctions uses in fact in another paragraph the term "Allied Powers" as synonymous with "signatory Governments," and the former term certainly excludes America.

## LABOUR AND CAPITAL

IN an earlier article entitled "Socialism and Unemployment" an attempt was made to analyse the fundamental economic doctrine upon which Socialism rests, and to prove that the Marxian belief that the capitalist is necessarily an exploiter, and that the road of progress is the substitution of the public ownership of production and exchange for competitive individualism, is the principal impediment in the way of the realisation of the ideals of better and ampler living for the working majority of the nation, for which the Labour movement stands. In this article it is proposed to discuss, from a constructive point of view, the road whereby the admitted evils of the present order may be removed.

No attempt, however, will be made to go over the familiar antithesis between the points of view of employers and employed. The world has heard *ad nauseam* of the greedy and ruthless and profiteering capitalist ; of rings, national and international, to depress wages, raise prices, or prevent competition ; of the autocracy of the employers and the wage slavery of the employed. It has heard hardly less of labour's conspiracies to get more while giving less ; of its *ca' canny*, limitation of output and other obstacles to efficient production ; of trade union tyranny and mismanagement ; and of refusals to dilute labour or increase output even where both were urgently needed in the national interest.

There is no use in repeating the battle cries of the two sides in the great war which has been going on between capital and labour for the last twenty or thirty years. The fact that the battle cries still continue, but that they have

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led to no solution, is a proof that there is something wrong with the standard diagnosis of our troubles from both the capital and the labour point of view. It is the object of this article to try and get away from these ancient antitheses and consider the problem from a somewhat different angle—from the point of view that neither side is the sole villain of the piece, and that it is a failure to diagnose the causes of industrial disease aright, rather than any *malice prepense*, that results in present-day troubles.

### I. WHAT IS PROFITEERING ?

THE principal accusation which is brought against the individualist system by that large mass of opinion which is Labourite but which rejects the Marxian doctrines of hatred and class war is that it results in injustice and oppression because the mainspring behind it is the motive not of service but of profit. There is certainly much force in this criticism. The most paralysing and estranging element in all industry to-day is the suspicion that every demand for improved processes, increased output, or reduced wages, or piece work rates is designed not to benefit the consumer or the worker, but to swell the profits of some distant person who owns and controls the business, loosely known as the capitalist. To adopt a classic phrase, what labour resents is not work, but being worked for somebody else's profit.

It is all important, however, to analyse exactly what this criticism applies to. Is it, in reality, a criticism of the individualist economic system, or of the way in which it is worked ?

In the earlier article we saw that the great merit of capitalism was that the individual can only survive in so far as he can produce what the consumer will voluntarily buy. From the point of view of the community, therefore, capitalism exists by service. It is against the employer alone that the

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charge of profiteering is made. But even so, is the motive behind the employer profit making rather than service ? It certainly may be and often is. But is it necessarily so ? In order that an enterprise, whether it be a tramway, a coal mine, or a manufacturing business, may begin to supply the commodities which the community needs it must do four things : it must pay the wages necessary to attract labour ; it must pay the salaries necessary to attract organising ability ; it must pay the interest necessary to attract capital ; it must offer the prospect of reward necessary to induce the owners of capital to take the risk of loss inevitably incidental to the initiation of enterprise. All these returns in themselves are legitimate returns for service rendered, and if business set out to secure these rewards and these only, there would be no profiteering in it. Profiteering is not the motive behind business so conducted ; service is the motive behind it, service of the community, the worker, the organiser and the investor.

Where profiteering enters in is when those who have control begin to take too much for themselves, either by depriving the other elements of their legitimate share, or by charging excessive prices, under some monopoly system, to the public. And that is the real difficulty to-day. Just because the initiative in business is usually taken by one class only—those broadly known as capitalists—capital tends too often to look after its own interests first and to take too much as compared with the consumer or the other parties to industry, in other words, to profiteer. That is to say, economic government, just as political government used to be, is being worked too much in the interest of the governing class. But that is no criticism of the system itself, any more than the misdeeds of the Stuart kings was a criticism of government in itself. The true line of reform, as we shall see, in industry as in politics, is not to hate and destroy the rulers, but for the other parties to industry to learn to discharge the functions of the ruling class for themselves.

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There is really a confusion of thought in the antithesis between profit and service as a motive in industry. The truth is that everybody works too much for self and too little for service. The majority of mankind do not yet accept the Golden Rule as the practical good advice which it is. They go into business, whether as capitalists, organisers, or workers, only for what they can get and lose sight of what they ought to give. If service, and not selfishness alone, were really the motive of everybody in their economic activities ; if every employer thought of how he could give the best possible product to the public and the best wages and conditions to his employees, as well as a legitimate return to capital and management ; and if every worker thought of how he could give the best day's work in return for a proper wage, half of the present difficulties of the industrial world would instantly disappear. Service in place of selfishness is certainly one of the keys to the cure of modern industrial ills, but it is a cure which must be applied not by one class alone, but by all.

Assuming, therefore, that the individualist system is not a system by which " man necessarily exploits man," where are the defects in its working which have brought about the world-wide discontent which is so obvious to-day, and what is their cure ?

The problem will be considered under three heads. First, the difficulties which have arisen from the transition from a village to a national, and from a national to an international system of production. Second, the questions which spring from the present day distribution of the ownership of capital. Third, the issues which arise between employer and employed. There is a fourth great problem, that which arises from monopoly in all its protean shapes, which there is not space to consider in this article.

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## II. INTERNATIONAL MALADJUSTMENT

**P**ROBABLY the biggest single cause of industrial unrest to-day is the immense change which has come about in the economic system of the world in the last century. It is difficult to realise how entirely new is the economic era in which we live, and how far-reaching are its effects on our daily lives. We are familiar with the social diseases induced in Great Britain by the industrial revolution. We do not always realise that the forces which produced the distress and suffering in Britain in the nineteenth century are now operating in exactly the same way on a world-wide scale.

In early times the vast majority of the population of the earth lived in self-contained villages, either tilling the soil or engaged in those simple village trades which served the agriculturist's needs. When Nature smiled there was plenty for all. When she was unkind famine and death ensued. At times population increased beyond the limits which the land could support. Then there was want until migration or war or disease relieved the tension. But the essential characteristic of these times was that every district had to provide for itself, the sub-division of work was small and simple, and it was the vagaries of Nature rather than human defects which were the principal cause of difficulty or disaster.

Modern industrialism has entirely changed the problem. In the Western world practically no community is self-supporting in the sense in which the old villages were self-supporting. To-day, everybody is performing some minute fraction of a vast process of international production. This process has largely eliminated famine and the power of Nature to destroy by starvation, but it has made every individual and every community an almost helpless unit in a system of international production and

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exchange of which they can see neither the beginning nor the end. Agriculturists specialise on single crops such as wheat, or single products such as milk, butter or cheese. Artisans and employers specialise in a single stage of a manufacturing process, using raw material bought from the agents of producers at one end of the earth, and selling their product to agents who sell it at the other end of the earth. And so it goes through every trade, or occupation, or profession. Everybody is at the mercy of fluctuations in supply or demand, caused by variations in the seasons, changes in taste, the state of the exchanges, war or civil strife, deliberate political action in matters such as tariffs, and most of all, by the act of business rivals all over the world. The average man, whether employer or employed, has little idea of where or how these fluctuations originate. He only knows that a change has taken place in prices or demand, and that he must accommodate himself to it as best he can.

This new world is the result of the discovery of steam, electricity and oil, and the inventions which have been derived therefrom. But the transformation is by no means yet complete. It is in mid career, and nothing can prevent it continuing, for this process of constant readjustment all over the world is the price we pay for progress. The effects of the process are infinite. We shall, however, only refer to two major ones here, as being material to our argument.

One effect of modern international economic development has been to dislocate the ancient economy of whole nations. The handicraftsmen of India, the old-fashioned industrialists of Europe, the farmers of the old world, the primitive inhabitants of Africa, find themselves gradually deprived of their traditional means of subsistence. The cheaper and better cotton goods of Lancashire destroy the living of the hand loom spinners of India; the small iron and steel businesses of Europe find themselves ruined by the superior and cheaper products of mass production methods in the United States or Germany; the farmers



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of England are smashed by cheap wheat from the Canadian prairies or the Siberian steppes ; the natives of Africa, instead of being able to live in comparative idleness on the fruits of the forest and the milk of their herds, find themselves harnessed to supply the insatiable appetite of modern industrialism for raw materials such as rubber or copra.

Attempts are naturally made to diminish the rigours consequent upon this perpetual dislocation of older methods through foreign competition. Some, like Mahatma Gandhi, try to turn the clock back and return to the era of village production and the spinning wheel. Others believe in exclusive tariffs or Government subsidies. But none of these methods can permanently succeed. In the long run education, the use of modern methods and adaptability in keeping pace with the progress of the world are the only real cure. None the less, assistance to the weak, the ignorant and the old, in adjusting themselves to new ways is essential during the transition. There is real danger that unless the problem of economic readjustment is more wisely handled than it was in England at the time of the industrial revolution, whole nations and even continents may become slum areas, filled with people driven out of employment by the newer processes installed elsewhere, and unable to command an alternative means of support. This is especially the case in India to-day, as an article in another part of this review clearly shows.

The second result of modern economic development is its effect on every individual employer and worker. The individualist system of the modern world has enormously increased variety and mobility in the life of the individual. It brings to his breakfast table every morning both the news and the products of the whole earth in endless and stimulating changes. But it has done little if anything to increase his economic security. If the power of Nature to destroy by famine or storm has been diminished, the insecurity in business life and in employment has been increased.

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Hence the universal attempt of every unit in business to obtain security by some special, and usually short-sighted, way. The worker tries to get it by tightening the trade union organisation, by limiting apprenticeship and so securing for himself some of the advantages of monopoly, by reducing production so as to make work last longer, as well as by insurance and benefit funds of many kinds. The essential short-sightedness of many of these methods is clearly seen by many labour leaders to-day, but general recognition of this makes slow headway among the rank and file. The employer tries to obtain security by economising on wages, by taking profits while he can to invest in securities outside the business in order to provide for his children and his old age, as well as by spending capital on improved methods or by building up reserves. The short-sightedness of obtaining security at the price of embittering or demoralising labour is now clearly seen by many employers, but by no means by all.

It is this perpetual effort to obtain security, rather than the desire to profiteer or to avoid work, which is the principal reason for the continual collision which takes place between employer and employed and which results in the extraordinarily rigid organisation of the two sides which is characteristic of the modern industrial world. No doubt this fighting organisation is in some measure caused by profiteering employers and by workers who want to get as much as possible for doing as little as possible. But the main reason which drives them both to profiteer or to be canny is not greed, but fear, the desire to build up security against the perpetual uncertainties caused by the tremendous changes which are being made all the time in the economic structure of the world.

The remedy for this international cause of modern industrial unrest is not very difficult to see in theory, but is very difficult to apply in practice. The present maladjustment will not cease until the whole world is organised on a conscious plan for the production of its needs, so that

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every country and every people produces those things which the land and its occupants are best fitted to produce, and exchanges them on a stable basis with its neighbours. But before that can happen the nations of the world will have to abandon their purely nationalist outlook, will have to consider the general lines of wealth production on a world-wide scale, will have to evolve some reasonable protection for the backward producers, and will have to create a sufficiently advanced form of international government to be a real security against war, which will make it unnecessary for every nation in self-defence to try to produce all its own needs in foodstuffs, raw materials and manufactures within its own borders.

How far removed we are from such a consummation it needs no argument to show. Meanwhile, however, it is essential that nations should begin to consider together, in some more organised way, the international causes of their economic distresses and how they can be diminished. On the one hand, nations to-day try to stabilise conditions by methods such as tariffs or subsidies of various kinds, or by obtaining monopolies of raw materials, such as oil or gold, which damage or affect the prosperity and standard of living of other nations. Yet they never solve the problem. Despite all their efforts control always eludes every nation's grasp, because by its very nature it is beyond their reach. On the other hand, there is no attempt to get order into the development of the world. Some nations are trying to become self-supporting in the sense that they want to produce all their own food, raw materials and manufactures. Other nations, owing to propitious markets, wars, or other factors, concentrate on the production of certain commodities or raw materials—for instance, rubber, or iron and steel manufactures—with the result that there is a constant alternation of international under-production or over-production.

It is obvious that nothing would more contribute to economic stability than that some conscious direction

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should be brought into this chaos. It is certain that Socialism cannot solve the problem. No nation and no individual would submit to the regimentation which would be required. What is needed is better information about what all nations are doing and intelligent consultation between nations, so as to diminish those needless and destructive disturbances which come from short-sighted government action or from over-production or under-production by individuals. Fortunately, there is already an instrument for doing this under the League of Nations. There is an International Labour Office endeavouring to adjust and equalise the conditions of labour all over the world. It is no less important that there should be an equivalent body to try and adjust and equalise development on the capitalist side all over the world. Indeed, it is more important, for it is what capital does which primarily decides whether labour is to be employed and at what rates.

Such a body, of course, can exercise no direct authority or control. But it can do two useful things. It can gain a world-wide view of the economic problem of mankind and begin, through information, advice and conference, to bring about a wider and better proportioned and less narrowly nationalist point of view among all nations, and thereby gradually diminish the international causes of economic maladjustment, unemployment and bad times. And it can endeavour to eliminate by agreement those positive causes of international friction, such as the scramble for oil, discrimination in tariffs, trade subsidies, violations of the open door, and so on, which increase international suspicion, and so aggravate the uncertainties of the international economic order.

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### III. THE OWNERSHIP OF CAPITAL

**P**ROBABLY no factor makes more for industrial unrest than the spectacle of the present day distribution of wealth. Modern industrial civilisation has certainly broadened and given variety to human life. But it has intensified the contrast between rich and poor. At the one end of the scale we see multi-millionaires in palaces, at the other end of the scale we see mile after mile of overcrowded slums. There are indeed in every Western country two nations, one of which—ininitely the larger—has to live by its day-to-day earnings, the other of which draws a return from investments in business or industry or land for which it does no active work at all. To a considerable extent these two classes overlap, the majority of those who draw interest also earning salaries or wages as well. None the less, the problem of how to deal with the vast accumulations of wealth of the modern world, carrying with them great power over the lives of others, and passing hereditarily from one generation to another, is one of the most serious and the most urgent which confront the Western world.

The first thing to realise, however, is that this question is quite distinct from that other group of problems which may be described as the relations between employers and employed. It arises from the fact that the whole structure of modern life rests upon capital. Every factory, every railway, every building represents, in the main, the wages of builders, engineers and unskilled workers, which have been defrayed out of the savings of others.

For good or ill the modern world cannot get on without capital. All progress, all improvement in the standards and conditions of living, wages and employment depend upon a continuous stream of fresh capital being used to create new industries, introduce new machinery and new

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methods, and so on. Capital comes from savings—from not consuming on personal needs the whole income and from investing it in some form of wealth-producing property. Unfortunately, mankind will not save without the inducement of interest. Some day, perhaps, the sense of social service may become so strong that man will save and use money for capital purposes with no idea of reward. But to-day such a spirit scarcely exists. We are faced by the hard fact that if the world is to progress and if individuals are to have employment and decent wages there must be capital, and that unless the interest and security offered to capital is sufficient to induce people to save, capital will not be forthcoming in the amounts necessary for the needs of the nation and of the world. Indeed, what the world most needs now, if it wants to raise the standard of living of all, is not less but more capital, which is why the investor has come to occupy such an important place in the post-war world.

There is, therefore, no way of alleviating industrial unrest by diverting to labour that share of the proceeds of industry which goes to capital. Whatever happens, it will be necessary to pay that rate of interest and profit which is required to attract the capital every business needs, and to repay enterprise for the risks it takes. It may be possible, as we shall show, to diminish "profiteering." But that is a negligible element when compared with the total amount paid in wages, or legitimately paid to capital. The big slice of the economic cake which goes to capital is taken not by the "profiteers," but by the legitimate holders of industrial and public shares, bonds and debentures. If the profits of the mere "profiteer" could be distributed to labour it would make practically no difference to wages at all.

None the less, the fact that the ultimate ownership of capital, with the title it carries to interest, unless it is repaid or lost, is still in relatively few hands, and that the title to it passes by heredity from generation to generation,

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has far-reaching social and psychological effects. For instance, the obvious wealth of the West End of London is probably hardly due at all to profits paid by the coal, or cotton, or iron and steel industries of Great Britain. It represents the income of those who have inherited public securities and foreign investments all over the world, made during the last century. It has hardly anything to do with the wages or conditions of industrial Britain. Yet the contrast between the wealth of the West End and the poverty of the slums and the unemployed is manifestly a political fact of the first importance. Again, the ownership of capital—land, factories, house and industrial property of all kinds—tends more and more to pass from the hands of creative employers into the hands of an hereditary *rentier* class, whose only interest in their property is that it should yield a regular dividend. There is thus a divorce between ownership and direct responsibility.

How can the evils which result from the existence of the "two nations" be reduced? Broadly speaking, there are two ways. The first is to bring about more saving for capital purposes and a more intelligent use of their capital resources among the majority. The second is to alter the attitude of people in the use of the capital they possess.

Probably the most important single cure is that the workers as a whole should realise that only by learning to save and to use their savings wisely can they permanently benefit their economic condition. Saving and investment is the true way of raising income, of providing for old age and recreation, and of insuring against the fluctuations of economic life. It is an infinitely sounder method than trying to press wages above economic levels, because an all-round increase in wages, unless it is accompanied by an all-round increase in efficiency, is reflected in an equivalent rise in the cost of living. No doubt wages are often so low as to make saving difficult. But that only applies to a percentage of the workers; the majority, especially when one considers the immense sums spent on gambling



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and drink, are in a position to save far more than they do, with immense benefit to the community and to themselves. The prosperity of the vast majority of the workers in the United States is due not so much to high wages, for prices are also high, but to the universal habit of saving and investment. And, as we shall see later, saving by the worker is not only an essential step towards abolishing the difference between the "two nations," but it opens the road to that fundamental change in his status in the economic life of the community which is discussed in the next section.

Capital is far more widely distributed than is generally recognised. Between the millionaires on the one side and the slum dwellers on the other, there is a vast army of people possessed of a few hundreds or thousands of pounds invested in securities or shares of one kind or another. In many businesses the number of shareholders is as great as, or greater than, the number of workers. The task of assuring a more general distribution of capital throughout the community is nothing like so formidable an undertaking as is sometimes believed.

But the State can also help, though it cannot cure. Every industrial State ought to maintain inheritance taxes with the double object of making hereditary wealth bear a large share of the public burdens of the community and of reducing the accumulations of wealth which pass from those who make them to those who inherit the right to enjoy them. Whether we have reached the useful limit of taxation for this purpose in Great Britain is an open question. It is certainly true that inheritance taxes are far too low in many industrial countries. The tax on land values—the primary capitalist monopoly—also needs much more consideration from Parliament than it has yet received.

Socialism, however, will not help to get rid of the "two nations." Communism indeed does so by confiscating all private property and capital and compelling everybody to live on a daily ration determined and distributed by the

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State. Socialism, however, proceeds by expropriation, not by confiscation. All that happens under Socialism is that the State borrows the capital necessary to purchase some of the means of production, distribution and exchange from the original owners, who immediately invest what they receive in some other enterprise. The accumulation of capital in private hands remains the same. The relative position of the "two nations" is unchanged.

The truth is that the solution of the "two nations" problem is that the whole population should own capital. Everybody ought to be both a capitalist and a worker. That is the only healthy condition of society. And that, in fact, is the condition towards which Western civilisation is rapidly moving. Despite the spectacular wealth of the millionaires, wealth is better distributed in the capitalistic Western world than it has ever been before.

There is, however, an urgent need for a change in the prevailing ideas about the responsibilities which attach to the ownership of wealth. In older days, ownership of land carried with it heavy responsibilities and liabilities. To-day the ownership of stocks and shares carries no such liabilities and responsibilities. The contrast between the sense of responsibility of the average rural landowner for the housing of people on his estate and the almost total disregard by the royalty owner of the housing conditions of those who produce his income is an instance of the absence in industrial business, owned by inactive shareholders, of that sense of responsibility which is generally recognised where human contacts are closer. During the war the duty of choosing investments with regard to national interests was universally accepted. Something of that same spirit is needed as a permanent motive among investors.

But even that is not enough. The most important thing of all is a change in the moral outlook on the value of wealth. One of the troubles of the modern age is the tremendous value set upon wealth as an end in itself. The

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Founder of Christianity saw that wealth was the most materialising thing in the world, because it sets a premium on self-indulgence, comfort and the things of the flesh rather than of the spirit. Gross inequality in personal expenditure unquestionably makes class barriers, compels large numbers of people to spend their lives in serving the personal pleasures and needs of the few, and demoralises vast masses of youth. These evils cannot be dealt with by legislation, save in a very small degree. But nothing is more needed than that people should realise that they cannot get happiness by spending money, and how extravagance separates them from their neighbours. Then they will cease to spend so lavishly upon themselves; they will use their wealth for public and useful and unselfish purposes, and one of the great causes of social unrest will disappear.

### IV. EMPLOYER AND EMPLOYED

WE come now to the most acute difficulty of all—the relations between employer and employed. We have seen in the earlier article that employers are not by nature “exploiters,” but people who supply that essential work of initiative and direction in keeping production abreast of changes in demand which is increasingly important in the modern competitive economic world, which labour has so far proved unable to supply for itself, and without which it will be unemployed and will starve. We have seen, too, that the employer as such is not responsible for the existence of the “two nations.” That is the result of the necessity of paying interest in order to induce the community to save the capital required for its own existence. What, then, is the cause of the acute strife between employer and employed?

Primarily the cause is the continuous pressure upon the employer himself, in the complicated, perpetually changing,

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transitional economic order in which we live to-day, to pursue economy as a condition of existence. Every business is in competition with rival businesses and with changing human demand. Prosperity, existence itself, depends upon the skill, resource, foresight and adaptability of management. It is inevitable that every employer, bearing as he does the primary risks incidental to all business, should be under constant pressure to economise, to build up reserves, to swell his profits or reduce his losses, either by demanding more efficiency from labour or by paying it less wages.

Hence the appearance of war in industry. The employer, under the continuous pressure of making his business pay, is continuously pressing labour to give more and take less. The workers, organised in trade unions for purposes of collective defence, are perpetually in an attitude of resisting the demands of the employers for efficiency or a reduction in wages, or on the war-path for better terms.

This antagonism is not due to any special malignity upon either side, though its effects are aggravated and animosity is aroused by bad employers and bad workers, who try to exploit this economic pressure for their own private profit. It arises out of the peculiar and temporary conditions of the progressive world in which we live. Fundamentally the interests of capital and labour are identical. They are equally concerned that their common business should prosper, for it is only out of its prosperity that either can get what it desires. Efficiency in the true sense of the word is the primary road to prosperity for capital and labour alike. Low wages and bad conditions are not usually found among those firms whose profits are most usually held up to obloquy by Socialist orators. It is in the inefficient firms, whether that inefficiency is due to poor and unenterprising management, or to labour's restriction of output, that most trouble comes.

Moreover, in general, both employer and employed are in great measure right in their point of view. The em-

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ployer is right in ever seeking more efficiency and lower costs, for that is the only condition upon which permanent prosperity in business is possible. The worker is right in wanting a progressively improving standard of life in return for his work, for that ought to be the ultimate social purpose of economic activity. The difficulty arises from the fact that economic pressure on the employer tends to drive him to make economies at the expense of labour's standard of living, and that pressure on the worker tends to make him try and improve his position at the expense of economy and efficiency. Both sides therefore work against the common good. Is there any just and obvious basis upon which the distribution of the proceeds of industry can be made between the two sides, so that thereafter they can co-operate to make the business as efficient and as prosperous as possible?

According to the older trade union theory, labour organised to secure reasonable wages and conditions of employment for itself and to defend itself against exploitation by rapacious or autocratic employers, but did not concern itself much with the profits of good employers. If times were good wages were expected to rise. If times were bad they were expected to fall. But in general, labour expected to do steady routine work for steady routine wages, while capital carried the risks and responsibility for losses and reaped the reward of enterprise and good management as profits.

This basis, however, has broken down. It has broken down for two main reasons. In the first place, capital has not been able to pay the national standard of wages desired, nor has it been able to prevent unemployment even at the wages it has paid. Labour, therefore, is dissatisfied with its standard of living. In the second place, as the education and organisation of labour has improved, it has become increasingly resentful of its subordinate status and of the contrast between the condition of living of the "two nations," and it has become con-

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vinced that in a large number of cases capital has sought to make excessive profits for itself even when it has not provided labour with a reasonable standard of living. Hence the growth of the demand for the elimination of the capitalist and the substitution of Socialist or Syndicalist control.

How can this tangle be straightened out? If we eliminate the old-fashioned and impossible State Socialist idea that every business should be taken over and managed by the State, there are only two possible lines of advance. Harmony can be restored to industry either by creating such a better understanding between capital and labour about their respective functions that the traditional capitalist system will work smoothly, or labour can supplant the capitalist by doing his functions as well as its own.

As to the first, much of present-day unrest arises from the failure of labour, under the inspiration of Karl Marx, to recognise the fundamental distinction between the function of the employer or the capitalist on the one side, and of the employee on the other. The initiative in enterprise is almost always taken by the individual. Individuals conceive the idea of a new article or a new business. They work out the plan for its execution, sometimes with expert advice which they pay. In so far as they have not the money themselves they obtain from the investor the capital necessary to acquire a factory, to manufacture the product and put it on the market, and to pay the wages of builders, engineers, and craftsmen up to the time when the returns begin to exceed the outlay. It is this activity of initiating and carrying a new enterprise into execution, with the risks and difficulties involved, which is the most important single function in economic life, the one which most promotes the prosperity of the community and is most difficult to find men to perform. Profit is the legitimate reward of this kind of ability. Labour, as such, has no moral right whatever to share in the profits, for profits are the legitimate return for the initiative and

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enterprise shown by the employer and the risks taken by the lender of savings. Further, if labour tries to obtain profits for itself, it only injures itself, as it has done in Britain lately, for by so doing it drives away the capital and enterprise on which its own prosperity and existence depend.

On the other hand, labour is entitled to a proper standard of living in return for good work, and capital has no right to try to make profits by driving the wages of the worker below the reasonable national standard.

If we are to have industrial peace it is essential that the fundamental distinction between the function of employer and employed and the reward to which each is entitled should once more be clearly grasped. Industry on the capitalist basis will become harmonious when employers test their success just as much by the standard of living they give to their employees as by the dividend they give to their shareholders, and when labour recognises that efficiency in the direction of business and the payment of good profits is the surest way of maintaining full employment for itself at the national standard of living.

Good wages and good profits ought to march hand in hand. That business will thrive best in which the management has the best information about world conditions; which continually avails itself of the latest methods of manufacture and of inventive talent; which inspires confidence in the investor, because it pays adequate and regular profits; which pays such wages and gives such conditions of work to its employees as will produce health and willing service from all. It is the primary interest of both capital and labour to produce businesses of this kind, and once they agree upon this and recognise the limits of their respective spheres, business on a capitalist basis will once more be peaceful and contented.

That, however, is not the only road of advance. There is another which is more difficult. But in the long run it is the real key to the solution. It is that labour should



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take over the functions of the capitalist and employer itself. If the trade unions can found or buy businesses and industry, can make a success of business operations, and can inspire such confidence in the investing public as to borrow capital on a debenture basis, then labour will be able to control its own workshops and take for itself the profits (and the losses) which now belong to the employer. There is no other way in which the growing demand for industrial democracy and control can be satisfied. In theory there is nothing to prevent trade unions coming to run most of the business of the country. There is no more reason, in theory, why the miners should not get together to form a mining guild and make a success of it than there is that a number of individuals should get together to form a mining company, as they do every day. If ability in this direction were equal, both would be able to borrow capital for their enterprise on equal terms, and the Miners' Federation certainly starts with greater resources than the average mine owner.

As a matter of fact, labour has far greater resources as a capitalist than it realises. Not only has it trade union funds, it has the savings and investments of all its members, which might be mobilised to help labour to own the businesses in which it is employed. One of the most interesting of recent developments in the United States has been the creation of labour banks and the utilisation of the workers' savings to enable unions to buy control of industrial enterprise.\* For instance, the bank started by the Brotherhood of Locomotive Engineers increased its resources from \$650,000 in November, 1920, to \$22,350,000 in June, 1923. Moreover, as every capitalist knows, the real key to success is not great resources, for these can be borrowed, or managerial ability, for this can be hired, but enterprise and ability to invest capital wisely. And this a trade union, wisely led, can certainly do. There is an

\* See "Labor's Money," by Richard Boeckel (published by Harcourt, Brace & Co., New York).

## Conclusion

immense field for the more adventurous and enterprising spirits of the labour world to break new ground, which is far more likely to produce results than the stale and unprofitable abstract attack on capitalism, on which they concentrate to-day. And as labour acquires business it can ensure that service and not profiteering is the motive which inspires its activities.

That labour can show enterprise and take risks and inspire confidence in the investor, the primary qualities of the successful capitalist, has been proved by the success of the co-operative movement. There is no reason why the labour ownership of industry should not gradually spread through the producing as well as the distributive trades, as a better understanding of the problems of modern business spreads among the leaders of the workers themselves. Once labour begins to see that socialised industry is not the road to the realisation of its ideals and that, if it wants the status and advantages of the employer, it must discharge his functions, shoulder his responsibilities and carry his risks, then it will start on the road which will lead it to freedom and success. Democracy in government only became possible when the leaders of the people learnt not to abuse their rulers, but to undertake their duties and perform them better. So it is with industry. The troubles of labour will finally disappear and industrial democracy will be realised only when, in Lord Milner's phrase, labour learns to hire capital instead of waiting for capital to hire it.\*

## V. CONCLUSION

**I**N the foregoing pages an attempt has been made to analyse the real causes of modern industrial unrest, and to make some suggestions as to the manner in which they

\* In order to act as capitalists it would be necessary to obtain an amendment of the Trade Union Laws from Parliament to enable them to do so. There would probably be no difficulty in this.

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may be solved. There is obviously no simple mechanical panacea. The problems which have to be solved are those arising out of the maladjustment of international economics, out of the bad distribution of capital among the people, out of the new desire of labour to assume the rôle of the employer.

All of these problems are essentially the products of an era of transition, the era in which economics are ceasing to be national and are becoming international ; when labour, as a result of better education, is evolving new aspirations ; when capital has accumulated with great rapidity in the hands of one class, but not so rapidly in the hands of other classes, which have not yet understood how to use the very considerable capital which they already possess ; when it is easy to create, for relatively short periods, trusts and cartels and labour monopolies of various kinds.

It is obvious that socialism, using the term in its economic sense, is no cure for any of these evils. The substitution of public ownership and control would manifestly aggravate rather than relieve the evils from which the working man is suffering. It would not solve the international difficulties ; it would not cause a better distribution of capital ; it would not give labour that independence and responsibility which it desires ; it would create a single all-embracing monopoly with super-tyrannical power over our lives. There is clearly a sphere for State action in economics. The State can and ought to determine the broad conditions under which the individual citizen works, can employ others, and so on. But it manifestly cannot do the work of all its citizens itself. That community is most healthy and most happy in which there is the greatest scope for individual enterprise and initiative along lawful lines, not most State control. The whole idea of limiting private enterprise in order to extend the field of State activity is wrong. It arises from the fundamental fallacy of Marx.

None the less, it is clear that we have reached a crisis in the development of the struggle between capital and

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labour. Labour has won to political power largely on its claim to protect and serve the needs of the under dog. It is now called upon to fulfil its promise to bring about the economic millennium. The future of the working class, the future of democracy, depends upon whether the Labour movement can recognise that it is not the State but the trade unions themselves that must undertake the function of the capitalist, not by using the power of the State to destroy capital or hinder individual initiative, but by learning to beat the capitalist at his own game. Like every other great human advance, the road is up hill and arduous all the way. The worker has got to learn to save, to use his savings to acquire control of industry, to select competent managers, to support them by giving them maximum efficiency in his work, to acquire the confidence of the investing public in order to obtain more capital. If he has the self-control, the intelligence and the leadership to take on his own shoulders the economic responsibilities hitherto performed for him by the capitalist and the employer, we are at the opening of an era of industrial democracy which will have as far-reaching results upon the future of humanity as the era in which the people assumed the responsibility for political government.

It is the key to the problem in another sense. What is principally the matter with Great Britain to-day is not the capitalist or exploitation, nor an insufficiency of State activity, but the fact that there is too little opportunity for the individual. Britain contains 45,000,000 people living on a small island. It is only able to live by manufacturing for the rest of the world. Opportunity, therefore, lies in the foreign field rather than in the domestic, and that opportunity it is difficult for the individual to seize. It is not possible for the individual worker who is dissatisfied with life as an employee in an industrial town just to move out to the country and take up new land or open a new store in an empty zone, as he can in the new world. Every acre in every corner is already occupied.

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The single tax cannot avail to re-create opportunity for the individual on the old grand scale. If he wants to strike out for himself he needs an amount of capital and knowledge which is far beyond the reach of the average man. Opportunity now must be seized by combination—by the capitalist company employing capital or by the trade union employing capital. Which is it to be ?

There is thus before labour to-day a great chance. It is wavering between a great victory and a great disaster. If it cannot free itself from the hatred-breeding, soul-destroying philosophy of Karl Marx and its State Socialistic fruit ; if it persists in trying to eliminate or destroy the capitalist by the use of the power of the State, it is doomed to failure. But if it can show a little of that spirit of enterprise and adventure which is the secret of the success of the capitalist ; if it can set to work to learn what he does and how he does it, and then dispense with his services because it can do his work for itself, it will solve the problem which has baffled mankind from the start. It will lead Britain, and with her the world, into the realm in which every honest man can be a capitalist as well as a worker, can share in the control of the business in which he lives, in which capital is the servant and not the master of man, and in which the wonderful achievements of modern individualistic civilisation can be continued with freedom for their guide.

## THE BACKGROUND OF THE AMERICAN PRESIDENTIAL CAMPAIGN

THERE are several good reasons why the Democratic Convention of 1924 will be spoken of as "an historic occasion." In the first place, it was the longest assembly of the kind, by far, in the political history of the United States. And Methuselah, by virtue of some such statistical supremacy, has become a household word! Once, clear back in 1860, this same Democratic party cast 55 successive votes in Convention before they were able to agree upon a Presidential candidate. Once more, in 1912, they voted forty-four times—and then decided to nominate Woodrow Wilson. These were the "records." But on June 24 last the Democratic delegates were called to order; on July 1 they began their balloting; and on July 8, late at night after a hundred and two fruitless attempts, they agreed to give the honour to John W. Davis.

The occasion was memorable for another reason. The Democratic party lay very, very near its death—and it didn't die. Every political tyro knew, of course, that Mr. McAdoo and Governor Smith (the two leading candidates) would have a grand battle of it on the Convention floor. But no one dreamed that after twenty, fifty, eighty, ninety rounds and more these two would still be on their feet, giving blow for blow. It was the bitterest of fights—and the party survived it. Nevertheless, toward the close, just before McAdoo's strength dwindled away from him, there

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were many sober people who could see no way out except an open split in the ranks to be followed by at least two rump Conventions. In the end, after John Davis had been chosen, the defeated Governor appeared on the scene to bestow his blessing. And some days later—in fact very much later—McAdoo rose to the occasion with a generous statement of support. So the breach is apparently healed, and the “gentlemen cry ‘Peace’.”

“But surely the mere fact that Mr. McAdoo failed to get his ambition gratified is no sufficient cause why the Democratic party should shudder from stem to stern.” And a point well taken, Doctor Pangloss. We do write our stories of American political events in a high romantic strain. We have a tendency to simplify the scene by the familiar trick of turning the spot-light on the principals. Nobody but McAdoo himself and a handful of really fanatical followers were personally affected by his defeat; but in the minds of hundreds of delegates he was the chance champion of principles which they held and prejudices which held them. He was a somewhat middle-aged Lochinvar come to ride at their head against the moneyed interests of the East; he carried the burden of the farmer’s discontent on his back: he flew the pennon of Prohibition at the tip of his lance against the creeping creatures of sin. People are casual, sophisticated, lax, what you will, about these things on the Eastern seaboard. But make no mistake; they are grim and hard-bitten about them in the West. So when the turn of the wheel made Governor Smith—a wet, a Roman Catholic and “the darling of New York”—the most formidable rival to McAdoo in the Convention, it was not strange that the contest became transfigured into a struggle between the hosts of light and the hosts of darkness.

The fact is, that the “hosts of darkness” hardly knew of this epic affair in which they were supposed to be engaged. When the Ku Klux Klan issue was raised in debate, they happened, for the most part, to favor an



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open denunciation of its existence and its activities in the party platform, just as the greater number of McAdoo supporters happened to favor a form of words less offensive to the organisation. But except for this rather accidental association together at one juncture when principle became involved, they were united only in a fixed determination that McAdoo should not be nominated. Some few of them didn't like "the cut of his jib"; some lacked the necessary faith in him; some, being cynical, felt that no man who wanted the nomination as hungrily as McAdoo did, ought to be allowed to have it. Most of them believed that he would be a losing candidate. For the Democratic campaign this year, to be successful, must be all offensive, directed against the alleged corruption of the Republican administration. The utmost value must be derived from the Republican oil scandals. And it would never do, the opponents of McAdoo felt, to attack under the leadership of a man who would forever be explaining his own legal association with unsavoury oil interests.

When the Convention closed, the faction around McAdoo had lost, and the coalition around Smith had won. The coalition around Smith had gained their objective in the defeat of McAdoo. But the danger to the unity of the party lies in this: that the faction around McAdoo, having made him the embodiment of all the deeper purposes they had at heart, thought they saw in his defeat the death of those purposes. And that is one reason why the Democratic party, at this stage of the campaign, is a house divided against itself.

There is still another dangerous element, hidden beneath the surface, but smouldering. To one who does not know the heterogeneous character of the people of the United States, it is hard to explain the purposes of the Ku Klux Klan; and for one who doesn't know the American craving for mystery, regalia and parades it is impossible to appreciate its manifestations. It is a secret, nation-wide organisation with a membership running—they claim—above

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seven millions, and composed of men who believe that "control" should be held by white Protestants and not by Roman Catholics, Negroes or Jews. Since one of these three elements is represented in almost every hamlet in the country, it has been easy to establish branches from coast to coast. The members hold their meetings by night, clothed in white robes and hooded masks; and either the organisation itself, or criminals acting without warrant in its name, have perpetrated a number of vicious attacks upon defenceless persons who have somehow drawn the fire of their disapproval. The Klan has no special party affiliations; it includes both Republicans and Democrats. And ominous as its existence may be both for individual security and for the legally established law-enforcing institutions of the country, there is no reason why one party should appear to spew it out of its mouth while the other party appears to overlook its existence. The Republicans in their Convention at Cleveland decided that discretion was the better part of their conception of valor: they ignored the Klan in their platform. The Democrats might easily have done the same thing, and in the present state of political morality they could hardly have been blamed for doing so.

When, however, the battle for the Democratic nomination disclosed itself as a fight between Smith and McAdoo, when to this was added the fact of Smith's Roman Catholicism and McAdoo's refusal to disavow the Klan, when the Smith forces were using all possible means to strengthen their coalition and McAdoo was meeting them with their own tactics, it was inevitable that the issue of the Ku Klux Klan should be fought out. A special committee of the Convention could not stifle it; they exchanged hot words in a stuffy room all through the night and into the next morning. William Jennings Bryan played a sensational trump card and actually brought the committee to their knees while he led them in a passionate prayer for party harmony; but the antagonisms were too great, and the

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dispute boiled out from committee to the floor of the Convention : Should the party roundly flay the Klan, or should it be just gently brushed in passing with a wisp of words ? Discretion, or statesmanship—or cowardice—won the day ; and the Klan was not attacked by name in the party platform. Its integrity was spared by the narrow margin of one vote. But the ghost of this battle is scotched, not dead ; and it will rise up within the party in more than one way before November.

There is, perhaps, one last reason why the Democratic Convention may be regarded as "an historic occasion." In nominating John W. Davis on the 103rd ballot, after days of pettiness, bitterness, deadlock and drift, after nights of argument, lobbying and despair, after moments when the galleries were in an uproar and delegates were actually exchanging blows on the floor, the theory of the party Convention somehow vindicated itself. There is a world of encouragement in the fact that eleven hundred men and women in a herd, however tired of the performance they may have been, rejected one by one all the many other names which were presented, and would agree only upon "the most distinguished man of their party."

### II.

AT the time of his nomination Mr. Davis was better known in England than in the United States. He succeeded Walter Hines Page as Ambassador to the Court of St. James, though he did not, of course, succeed to the war conditions to which, as much as to his own fine personality, Page owes his position in the hearts of Englishmen. For this reason he may have suffered in some ways by comparison with his predecessor. But if that was a difficult height to scale, he had his reward when George Harvey succeeded him. Possibly some few people in England then shared with many people in the United

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States a yearning for the better days of Davis. But be that as it may be.

The quality of his services in London is not generally recognised in this country. Good American ambassadors are not without honor save at home. Indeed, in the minds of many, he is actually handicapped in his contest for the Presidency, partly because he has "lived abroad" (*sic*) and partly because the place where he lived abroad happened to be England. For many of us still breathe rapidly in the excitement of 1776; others still breathe for the independence of Ireland; and others—on principle—breathe for a free and mighty India. So that it is not an advantage to a man in politics to have acquitted himself well as Ambassador to Great Britain.

Nor has Mr. Davis taken any prominent part in American politics. For years he was a lawyer practising privately in Clarksburg, West Virginia; then his admirers elected him to the House of Representatives, where he performed many valuable but inconspicuous services on important committees. President Wilson elevated him to the office of Solicitor-General, one of the most exacting of governmental posts; and there it was his business to draw briefs for the State and argue its cases before the Supreme Court. More than one of the justices, in private conversation, has paid tribute to his exceptional ability in argument, and perhaps has given a basis for the common saying that he is the ablest lawyer who has appeared before the Supreme Court within the memory of its oldest member. There can be no question about his dignity of manner, the lucidity of his mind, and his ability to make a logical and finished speech. His friendships are fairly wide and remarkably strong. But he is still nationally unknown; and it remains to be seen whether, in addition to his unimpeachable gifts, he has what Meredith called "an instinct for the majority."

In the coming campaign it will be no advantage to Mr. Davis that, until the day of his nomination, he was a

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partner in the law firm of Stetson, Jennings, Russell and Davis. It is a Wall Street firm, in the sense that J. P. Morgan and Co., the Guaranty Trust Company and the Standard Oil are numbered among its many clients. So that, though the leaders of his party have given him their formal blessing, the Western and Middle-Western wings are not happy in his company. Senator Wheeler of Montana, for example, has left the Democratic organisation to join a new political group under the leadership of La Follette of Wisconsin. Others will follow—people who vaguely regard Wall Street as the source of all their ills, and have not wit enough to make a distinction between Wall Street bankers and a lawyer who happens to have Wall Street bankers among his clients! Nor will Mr. Davis appropriate so many votes from the Republican field as a more liberal candidate would have secured. He is, in his philosophy, too much like President Coolidge to gratify his own liberals; and, by the same token, liberal-minded Republicans see in him no good reason why they should forsake their own conservative candidate for a Democrat of the same general cast of mind.

In the last few hours, before the New York Convention adjourned, an effort was made to add a little leaven to Mr. Davis' Eastern conservatism. It would probably be nearer to the truth to say that at midnight on June 8, bewildered by the ten names of second-rate men which had been presented for the Vice-Presidential nomination, the party leaders ordered an adjournment for an hour, and in this hour came to the conclusion among themselves that Governor Charles W. Bryan of Nebraska would be the most acceptable of a poor lot. It is hard to believe that his nomination adds strength to the "ticket"; he is said to be an excellent Governor; he is popular in his own State and will doubtless win it for his party; he has a certain following in the bordering States; he is, for better or for worse, for weakness or for strength, the brother of that somewhat bedimmed beacon of the party, William Jennings

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Bryan. But he is not a man of political stature ; hardly the man to discharge the formal duties of a Vice-President, and certainly not the man to attain, by any accident of fortune, to the chief magistracy of the land. It is therefore doubtful whether his Western strength, such as it is, more than counterbalances the disappointment felt in many quarters when word came that he would be yoked into the same team with John W. Davis.

The outcome of this campaign rests, to an extraordinary degree, upon the personality of one man. The Republican President is solidly entrenched ; he cannot be dislodged by Davis the ambassador, Davis the lawyer, Davis of the superior mind, the gracious personality, and the gift of finished speech. He cannot be defeated by the most distinguished man in the Democratic party. But if, in the course of the campaign, John W. Davis shows a power to *move* men and women, he will become President.

The rare power of moving men and women is most often joined with the equally rare capacity of being moved in imagination by them. Throughout his career as Solicitor-General, as diplomat, as lawyer for large interests, Mr. Davis has lived in the company of documents and precedents—he has had to keep his mind in gloves. It remains to be seen whether he can take them off. It remains to be seen whether he can be genuine without affectation, tolerant without condescension—whether, in short, he is merely an outstanding figure at the Bar, or whether he is, as well, an outstanding member of the human race.

### III.

FOR President Coolidge is solidly entrenched. It would not be correct to say that he has a hold upon the affections of Americans. He has not ; though the most distressing death of his young son early in July has aroused profound sympathy throughout the country. There is

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nothing of the easy comradeship of Harding about him. He has fewer friends—but friends of a finer grain. He does not speak so freely—nor so fluidly. The mythmakers now tell a story to the effect that a visitor at the White House asked how he might have a glimpse of the President. "Do you see a tree over there," replied the guide, "and a man standing by it? Go over and say 'Good afternoon.' If the tree answers, then the man is Coolidge." . . . But, after all, excessive reserve is sometimes an indication of dignity, clear-headedness and patience. These qualities are attributed to the President, and because the qualities themselves are at premium in our restless and uncertain days, the President has grown in favor. If you cannot marry for love, there are many arguments for a "practical" marriage. If you cannot find a candidate to whom to entrust your heart, you can find one in the White House to whom you can entrust your pocket book. The drawing-room politician, talking smartly, says that Coolidge is the dullest man alive. His opponents claim that he is secretive and devious. But there are millions up and down the face of the land who are of the opinion that he is honest, safe and courageous.

Not even his enemies would venture to deny him these attributes. And their dilemma is this—that to defeat him they must fasten upon a scrupulously honest public servant a good share of blame for the oil scandal, the Veterans' Bureau scandal, and the extravagances of the Shipping Board—all of which took place while Harding was alive and before Coolidge assumed his present office. It is too gross an absurdity, even in the heat of a campaign, to suggest that these disgraces bear any relationship to Coolidge personally. It is not unreasonable to hold him to some degree of responsibility for things which took place under Harding's Republican leadership; for, after all, Coolidge is the head of the party. But this point loses much of its weight in the opinion of those who recall the battles which the President has waged, from the day he



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took office, with the "leaders" of this same party. His Congress has not given him one major piece of legislation which he asked for, and his opponents, boring from within, really disavowed his leadership at the end of the Cleveland Convention, when they refused his appeal for a liberal running-mate who would satisfy the farmers, and gave him instead a Chicago banker, Charles G. Dawes.

Because Coolidge is generally supposed to have the highest standards of public conduct himself, it will be difficult to attack him with the Harding scandals, and because he has been conspicuously at odds with the "Old Guard" of the Republican party, it will be hard to charge him successfully with the party's malfeasances. His character is, indeed, the Republican platform—perhaps in more senses than Mr. Hughes meant it. For there is nothing whatever in that verbose, ambiguous document, and there is a great deal in his character. There is so much that the culprits of the party can sneak behind him and hide themselves pretty well.

What sort of person is this man, so very different from his fellows? It is hard to analyse him, hard to appraise him. One is glad to yield to Mr. Horace Green, who concludes his recent biography of the President—a singularly sober and judicious study—with these words:

Let us leave him, in the midst of his troubles . . . a dry, wry, shrewd, hardworking little man, wiry but not robust, uninspiring to the eye, but dignified in action; listening freely for advice, with an extraordinary gift for condensing public sentiment when he detects it; a man who would make more of a fighting impression were he cock-surer of his convictions and his physique; an honest, patient student with a large and philosophic view of the public good, doing his level best for the party and the country; a clean-cut, down East Yankee; . . . in short, to many who have tried to study him, rather lonesome, rather lovable and, so far, quite unsolved.

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### IV.

THE campaign will begin on August 11 at Clarksburg, West Virginia, where Mr. Davis will deliver a speech accepting the Democratic nomination. It will be his first important statement since the Convention, and the country will listen to it attentively. For they are waiting to learn whether he will take a clearer position than his "platform" on the Klan issue and on the question of American participation in the League. They want to know whether he genuinely believes in the Democratic theory of national prosperity—that it should begin with the man at the bottom, or whether his training has shaped him to the traditional Republican point of view—that the welfare of the nation is best advanced when wealth first accumulates at the top of society, and later trickles down. They want, most of all, to have him reveal himself.

And then, on August 14, President Coolidge will similarly go through this somewhat ridiculous business of "accepting the nomination" of the Republican party. From that moment on, issue will be joined, and the contest will be continued through the summer and autumn months until a decision is reached on the fourth of November. If there are to be lighter intervals in what promises to be a dull campaign, they will probably not be afforded by the Presidential candidates, but by General Dawes on the one hand, whose picturesque personality and forceful language are now known abroad, and by Governor Bryan on the other. At the moment of writing news comes that the Governor has protested against the use of September 12 as "Defence Day," and will not, within his own State, lift a hand to further the civil and military mobilisation which the War Department has fixed for that date. He will, as Governor, transmit the plans of the Federal Government, but that is all. A candidate

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for the Vice-Presidency who can take such an emphatic stand on a matter of military policy without consulting his party superior, Mr. Davis, may be expected to provide other amusing moments in the course of the next few months. *C'est magnifique, mais ce n'est pas la guerre!*

Where there is smoke there should be fire. When there is a national campaign there should be national "issues" between the major parties. But the Democratic platform of 1924 will illustrate admirably how small a part "issues" play in a Presidential election. They appear, here and there, in a wordy statement ratified by the Convention, so long and so dreary that not more than a handful of people can have read it. But in this mass of words five major points of attack may be discovered :

1. The corruption of the Republican party.
2. Their failure to assist the farmer in his distress.
3. "The most unjust, unscientific and dishonest tariff tax ever enacted in our history."
4. The Republican policy of isolation in foreign affairs.
5. The protection of "special privilege" as shown by the incidence of the Mellon tax plan.

Yet among these five major points there is not one that may properly be described as an issue. Corruption in government is condemned; but no Republican would defend it. The lack of a practicable plan for agricultural relief is criticised, but no Democrat has come forward with one. The tariff act may be all the unpleasant things that it is said to be, but if the Opposition should come into power they would pass their own tariff act, with this difference, that the protection now chiefly accorded to Northern industries would be shifted to cover the industries of the South. These are not "issues" in any true sense of the word. The Republicans have pursued a policy of isolation? Doubtless. But the Democrats, after lashing themselves into a fine fury over this piece of cowardice and selfishness, propose to hold a nationwide referendum to determine the attitude of the voters

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toward some sort of qualified membership in the League. In a word, after denouncing the Administration for what it has failed to do in foreign affairs, the Opposition proposes a slow, expensive, cumbersome and probably unconstitutional scheme for discovering whether the Republicans have not been correctly meeting the desires of the majority all along. One could hardly regard that as the formulation of a burning issue.

Finally, when they attack the Mellon tax plan, they are tilting at a measure which never became law. It was defeated in Congress, and its broken frame is at best merely evidence of what the Republican theory of taxation probably is. Here, if it can be defined, *is* an issue. But if it were ever made clear and articulate, if "special privilege" were ever identified in terms of X and Y and Z, it is a safe prediction that the Democrats would run at the sight of their own *Djinn*. Their party funds are low, and they need money for the coming campaign. You sometimes can get funds from people who enjoy "special privilege." Their fight will be chiefly conducted in the Eastern States, and there is no political gain in alienating powerful Eastern interests. And, lastly, if the list of X and Y and Z were drawn up, it might be found to contain such names as Morgan, the Erie Railroad and the Standard Oil—to the embarrassment of their one-time counsel who was retained to defend such privileges as these companies enjoy, but who now happens to be running for President on the Democratic ticket. So even the most likely "issue" will probably not be an issue at all.

### V.

AS each fourth year comes around, the changing host of political writers discover with fresh surprise that there are no important differences between the national programs of the two chief parties. That, of course, is the reason why the campaign so often resolves itself into a contest

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between two men, based upon their qualities of character. But why are there no important differences ? They exist between British parties. They exist in France ; and we have the assurance of expert political spectro-analysts that the differences are real. In the United States it is otherwise, and an explanation of the situation is rarely asked for and more rarely ventured.

If one merely looks at a map of the United States such as the geographies provide, it is easy to imagine that a liberal party (or a radical party) might unite all liberals (or radicals) within the country. And then, even without looking at the map, it is easy to imagine that all the conservatives might suddenly find themselves in opposition. The nation looks like a unit ; it calls itself United. Why should there not be at least two parties opposed to each other on nation-wide lines over some fundamental economic issue ?

Now when the United States of America were given their name, it was not so much a term of description as a symbol of aspiration, and after a hundred and fifty years there is a good deal of aspiration in it still. Disregarding refinements, there are three chief divisions within the nation—the South, the West and the East. Each division has traditions, prejudices, hostilities, and interests of its own as distinguished from the other two. Yet in all probability these sections would not enter as such into the arena of politics, were it not for the fact that one section insists upon entering as such into every campaign. The geographical South is the political "Solid South," for reasons which it regards as final. The South is always overwhelmingly Democratic because it will not vote to entrust Federal powers, including those which bear on the Negro problem, into the hands of Republicans—whose grandfathers made havoc in Southern homes during the "War between the States," and followed this havoc, in reconstruction days, by putting the Negro in such a position of authority that the property, the lives and the supremacy of Southern white men were endangered. And since the problem of the Negro is not appreciably

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nearer solution to-day than it was in 1866, the Southern white man is not appreciably nearer the day when he will abandon the Democratic party.

The Republican party descends from the same historic past. Excluded from the South, it must find support enough in the North East, Middle West and West to win against a heavy initial handicap. And since the electoral votes in these sections far outnumber the Solid South, the Republicans have a more than even chance of victory, provided their organisation is strong, and provided they raise no issues of importance which might convert their probable majority in a given State into a minority. A well-drawn platform, therefore, must satisfy as many as possible, alienate as few as possible, in as many States as possible, both in the East and in the West. In 1920, when the Republican platform committee had finished its work and had agreed upon a diabolic formula in which to express the attitude of the party to the League of Nations, Senator Lodge made a statement to the Press. "It is a broad plank," he said, "one so broad that it will accommodate all, both those who believe in the League and those who do not." Nonsense! Possibly—but an excellent example of the technique of Republican platform-making at its best.

If the Republican party is a catch-all with a widespread net, the Democratic "national" party is a coalition. It is composed of its Southern nucleus joined with what fragmentary States it can detach from the Republican preserve. Every four years their strategists, with the South in hand, have to decide how an effective appeal can be made to the necessary number of States in the East or in the West. It is *States* which count in the election, not the total number of popular votes. The whole vote of the State goes as the majority of its popular votes goes. So the Democrats must find a sectional grievance which looks promising, and concentrate their attack on this weak link of the Republican chain. This year, by attacking the Administration for its failure to assist the farmer, by inveighing against "special

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privilege," and by their especially bitter denunciation of the tariff, they are holding out their arms to the Middle West, hoping at the same time to win the valuable support of New York by the fact that John Davis is their own candidate for President.

With the Republican party determined that divisive issues will not be raised by themselves at least, and with the Democrats concerning themselves with sectional grievances rather than national ailments, party warfare has become a struggle between the "ins" and the "outs." When this is its nature, and when the alignment of States is practically fixed by the dead hand of the past, it is not surprising that we can have political change without political growth, and parties without distinguishing principles. A catch-all and a coalition will hardly dispute with one another over the will of God for the Republic.

### VI.

FOR years past people have sighed for a new party. With it they could smash the Solid South, they claimed; they could overturn the Republican and Democratic organisations; they could rouse the country to an understanding of its present parlous condition; and from the welter, new parties representing deep-seated and antagonistic interests would emerge.

A third party has been formed, liberal-socialistic in character, and the way is open for their bloodless political upheaval. On July 4 in Cleveland, in the very temple where the Republican money-changers had gathered two weeks before, the Convention for Progressive Political Action met for this important purpose, and endorsed Senator Robert M. LaFollette of Wisconsin for President. It is a curious commentary on human nature to recall that this same LaFollette, six years ago, was the best-hated man in the United States. He was despised and derided for



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opposing the entrance of his country into the war. He was charged in public with being a pacifist and a pro-German, and additional abusive epithets were heaped upon him in whatever privacy exists at the club. But during all these intervening years, LaFollette kept the State of Wisconsin in his grip. When the war was over and the period of disillusionment began, he extended his fingers toward North Dakota, South Dakota, Minnesota, Montana and Iowa. Three years of severe agricultural depression in that section of the country strengthened his position—until in July of this year, after curbing his ambitions over half a life-time, he permitted his name to be put in nomination for the Presidency.

There is not a serious-minded person who believes that LaFollette has one chance in a million of becoming President by these elections. On the other hand, his appearance as a candidate at this time may mean the election of a few more Representatives and Senators who think as he thinks and will vote in Washington as he tells them to vote. It may also serve as a preliminary skirmish before a more important and more promising campaign in 1928. But the chief interest in his candidacy springs from a curious provision of the American Constitution, and from the possibility that he will win votes enough to set this provision in operation.

When the votes of the forty-eight States are counted, following the November election, if it proves that any man has a majority of votes over all other candidates together, he is thereby elected President. And this is what almost invariably happens. But if no man secures such a majority, the Constitution lays down the following procedure: the names of the three leading candidates are submitted to the House of Representatives as composed on November 3; and there the Representatives, voting by States, can elect a President if they give one man a majority over the total of the other two. Meanwhile, the names of the *two* (not the three) leading Vice-Presidential candidates go before

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the Senate, and the Senate, by a simple majority, elect a Vice-President. And then, if the contest in the House remains a deadlock, the new Vice-President automatically becomes President of the United States.

This is a contingency which does not require lengthy discussion. If it should happen to occur in November, there will be discussion then, and plenty of it. It is enough to say that it is a real, not a fantastic possibility. There is a chance that LaFollette will carry a block of five mid-Western States, shall we say, in which he is strong; that the contest as between Coolidge and Davis will be so close that neither will be able to gain a clear majority over the combined votes of LaFollette and the other; that the small LaFollette group in the House of Representatives, holding the balance, may dictate conditions upon which they will throw their vote to Coolidge or to Davis; failing that, they may hold the House in deadlock, while they dictate the conditions under which Dawes or Bryan will indirectly be elected President.

This third party group under the leadership of LaFollette has been in the process of formation for some years past. It is centred almost wholly in the chief agricultural States, and its political and economic principles, however they may be formulated, are based upon a desire to improve the position of the farmer in that section. It is of importance, therefore, that just now, in the first weeks after the public appearance of the new party, agricultural prices are taking a spectacular turn for the better. How lasting the improvement will be, how much of the profit from the rise will find its way into the farmer's pockets, how far this will tend to solve his grievances and keep him content with the older parties—these questions cannot be answered to-day. More will be known as the campaign proceeds. Meanwhile—because LaFollette is an outstanding political figure, because of the hopes of many people which have been stimulated by the prospects of a strong third party, stronger still in 1928, and because of

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the controlling influence which under the Constitution LaFollette may exert upon the elections—the progress of his campaign is being followed with vivid interest.

### VII.

UP to this point, mention has scarcely been made of the foreign affairs of the United States, and of their importance in the coming elections. But to mention them briefly, at the end of an article, as if to say that in any well-ordered story they ought to find some place, is to accord them just about as much notice as they will attract during the campaign. The Democrats in their platform are vigorous in their denunciation of Republican Levites; but they give no definite assurances themselves of what they propose to do if placed in power. The Republican propagandists at home lay stress upon the achievements of the Washington Conference as proof that their principles are set forth in acts, not words. They have given an unformulated recognition to the importance of Europe's concerns in nominating Charles G. Dawes for the Vice-Presidency. And more than all, the Administration under the direction of Mr. Coolidge, with the unprecedented help of Mr. Hughes in London, Paris and Berlin, is exerting the influence of the United States at a critical juncture to compose differences which have arisen regarding the application of the Dawes report to Germany.

Judging from the acts of the Republican party (for they are in a position to act) and from the assurances of the Democratic party (for they are only able to assure) it would appear as if the Republicans were moving slowly, and with aggravating delay, back to the position they held before the war as exponents of a vigorous foreign policy; and that the Democrats were yielding, step by step, the position of leadership in foreign affairs which they appropriated to themselves under Woodrow Wilson.

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This at least can be said. That with the recent acts of the Administration in mind and with the Democratic platform in hand, with President Coolidge and John W. Davis still to make their speeches of acceptance and disclose their personal views, one would be hard put to it to decide whether American participation in European affairs would be more rapidly and more surely advanced under the one party or under the other. And this may be added: that the results of the election will turn on questions of internal policy, not on the position of the United States abroad. Whatever is done thereafter will be done not because of a popular mandate, but because of the convictions of the man who will be elected President in November, and will largely depend upon his strength in Congress and his power to treat with that body.

United States of America.

July 31, 1924.

## THE ECONOMIC AND SOCIAL ASPIRATIONS OF THE INDIAN NATIONALISTS

*The following article is from an American pen. The writer, who has recently returned from India, has a first-hand knowledge of political and economic questions in many parts of the world, including the Philippines and China, which gives to his views on the Indian problem an exceptional interest.*

—EDITOR.

### I. THE REAL PROBLEM

THE political aspirations of the Indian Nationalists have been given such prominence, in consequence of the non-coöperation campaign led by M. K. Gandhi, that but little attention has been paid to their demands for the improvement of social and economic conditions. An analysis of these, however, shows that they are the manifestation in India of the extensive movement for the betterment of the lot of the toiling masses, which produced, among other results, the French Revolution, the reconstruction of Europe after 1848, modern Socialism and Bolshevism. Certain of the more intelligent leaders of the Nationalists will admit in private conversation that the ideals of Gandhi and of the Ali brothers are impossible of realisation, but believe that the "Swaraj," or independence party, will perform a useful function in destroying the existing antiquated and rigid administrative structure,

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and will thus make it possible to erect a better social organisation on the ruins. The large sums spent for Bolshevik propaganda have evidently not been wasted. They are not well enough informed, however, to see that, while destruction is relatively easy, the elimination of economic evils is a difficult and toilsome process, which requires technical training, administrative experience and enormous sums of money, all of which they are totally unable to furnish, and which the British alone can provide.

If these elements of the Nationalists should succeed in securing control of the Government of India, they promise to carry out at once an extensive programme for the improvement of agriculture, the encouragement of industry and commerce, the construction of additional irrigation systems, good roads and other public works, adequate sanitation and medical care, and free, universal, compulsory education. It is not surprising that the details of these projects have not been sufficiently elaborated. Indians of all classes, however, are often able to make valuable criticisms and suggestions, some of which are included in the following pages. It is alleged that the policy of the British Government has always been to keep India as a source of foodstuffs and raw materials, and as a market for British manufactures, which involved the deliberate discouragement of Indian industries, and the progressive destruction of its handicrafts. This is held to be the main cause of the poverty and misery of India. It is said that the people have been left without education, as ignorance notoriously produces submission. The doctrine is preached that, as the negligence and deliberate disregard by the British of the interests of Indians are directly responsible for their wretchedness, the only remedy is to drive out their foreign masters, and to create a new India, ruled by Indians for their own benefit. These ideas find most converts among the Hindu students, are less appreciated by the Moslems, and are not always understood by the people. If Gandhi and other idealists

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should eventually be supplanted by the younger elements, these views would become dominant. In any event, they are likely to exert a strong influence, especially upon the members of the various legislative bodies.

There are indications that Gandhi is realising more and more the importance of the economic problems, as distinguished from the purely political ones, and the following editorial written by him in his organ, *Young India*, merits careful consideration, especially the sentences in italics. He says that the proposal to protect the iron and steel industry by the imposition of high customs duties affords an opportunity

of dispelling the illusion that I am inimical to capital, and that I would destroy machinery and its products, if I had the power. I am a confirmed protectionist. Free trade may be good for England, who dumps down her manufactures among helpless people and wishes her wants to be supplied from outside at the cheapest rate. But free trade has ruined India's peasantry in that it has all but destroyed her cottage industry. Moreover, no new trade can compete with foreign trade without protection. I would any day welcome protection for mill industry, although I give and would always give preference to handspun *khaddar*. Indeed, I would give protection to all useful industries. *Much of my opposition to the Government would abate, if I found that it was truly solicitous for India's economic and moral welfare.* Let the Government protect the cloth industry to the point of prohibition of all foreign cloth, let it popularise the *charka* by making all its purchases of cloth in *khaddar*, let it abolish without regard to revenue the drink and drug traffic, and cut down the army expenditure to the extent of the loss of that revenue. *When such a happy event takes place, my opposition will lose its point.* It will pave the way for a real discussion of reforms. To me the two steps will be a striking sign of change of heart which must precede any honorable settlement.

Political ambitions, sedition and rebellion are not the real issues in India : they are only the manifestations of the successful attempts of agitators to direct the pent-up energies of the proletarian masses, which are making agonised efforts to save themselves from being crushed under the wheels of the car of the relentless Juggernaut



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of the existing economic system. It is an axiom that peoples whose normal condition is one of hopeless misery afford the most fertile soil for revolutionary movements, like the French Revolution, and it is well known that the population of India is underfed, badly clothed and housed, with no margin for comforts and luxuries. It is not, however, generally realised that certain tendencies have recently been operating in such a manner as to make the economic crisis not only acute, but intolerable. A succession of bad harvests has decreased the food supply (in the last thirteen years only three harvests have been good and two fairly good), and the return from abroad of large numbers of Indian soldiers and workmen, occupied in various fields in the war, has caused intense unrest to spread widely even among the more remote villages. They have circulated the idea that the Indian laboring classes are entitled to conditions more like those of other lands, and they have greatly undermined the respect for the *Sabibs*, which was formerly one of the main bulwarks of British rule. Resignation to one's lot in life has been for ages a basic tenet of many of the Indian religions, but a new spirit is manifesting itself, largely as a result of the teaching given in the educational institutions of Great Britain and India, where the students have imbibed Anglo-Saxon ideals of liberty, equality and self-assertion. No other consequences could logically be expected. The Indian masses will no longer starve and suffer in silence, or without a struggle. They have demonstrated that even the adherents of leaders who preach non-resistance do not hesitate to resort constantly to violence.

The one outstanding fact which dominates the whole Indian problem is the grinding, hopeless poverty and degradation of the greater part of the population. If the total production of the majority of Indian agricultural and industrial laborers were given to them individually, with no deduction for rent, taxes, interest, superintendence, or fixed charges of any kind, it would not provide them with

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adequate food, shelter, housing and the few comforts and luxuries necessary for adequate standards of living, even according to the extremely moderate ideas of the Orient. The only possible remedy is to increase the daily output per man. It is not enough to augment the proportionate share of the worker of the total, as Socialists teach. There must be more to divide. It is not justice but efficiency which is necessary. Until this economic requirement has been met, no extension of the Montagu-Chelmsford reforms, no complete Dominion self-government, not even independence, will soothe the prevalent revolt against the existing order. A famished and anguished people in this age will never cease to struggle for betterment of conditions. From this there is no escape. Bombs make revolution easy. Public sentiment in the British Empire will never tolerate the concentration camps and other Prussian methods which are necessary to break down the passive resistance and guerilla warfare of a people if it is once thoroughly aroused against its rulers. The existing relative quiet in India is only a truce, and lasting peace will only come with a visible, determined effort to solve both economic and political problems. It is this situation which gives to Indian Nationalism the strength of Antæus.

## II. THE FACTS AND THE ECONOMIC PRINCIPLES INVOLVED

ANY intelligent discussion of the issues obviously requires a careful consideration both of the facts and of the economic principles involved. There seems to be very little difference of opinion about the facts. Few persons who have lived in India deny that conditions are appalling. They may even be the worst in the world, taking everything into consideration. It is a question whether there is not more suffering in the slums of Calcutta and Bombay than in those of Canton and Shanghai. In the first place, it seems probable that the "Law of Malthus" is manifesting

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itself in spite of disease, pestilence and famine. In 1872 the population was 206,162,360, and in 1921 it was 318,942,480, an increase of 112,780,120, or over 54 per cent. in fifty years. It is hardly probable that the methods of cultivation (which are practically unchanged) have been improved, or the tilled area increased by irrigation or the use of unutilised land sufficiently to augment the annual production of food and raw materials in the same proportion. Population, therefore, has apparently increased more rapidly than the means of subsistence. There may be some foundation for the Indian proverb, "Every twenty years there must be a war, a pestilence, or a famine," and for the assertion that the lot of the Indian masses was much more endurable before the advent of British rule. The "Pax Britannica," with its elimination of war, and its attempts to decrease disease, may have brought some undesirable results. The endeavors of enthusiastic officials in the Philippine Islands to stop head-hunting and to stamp out disease in one of the districts resulted in such an addition to the population as to bring it to the verge of starvation. This was only averted by the hurried introduction of new food plants, seed selection, irrigation, fertilisers and other improved methods of cultivation.

The distress of the Indian lower classes is inconceivable by those who have not witnessed it. The more reliable estimates give the annual per capita income from 60 rupees to 90 rupees, and the agitators affirm that it is much less. The average daily wages in Bombay in 1921 of men who worked full time were 1 rupee 4  $\frac{7}{12}$  annas (16 annas go to the rupee), and weavers operating two cotton looms only earned 1 rupee 10  $\frac{2}{12}$  annas. About 72 per cent. of this had to be spent for food and rent, 10 per cent. for clothing, leaving about 18 $\frac{1}{2}$  per cent. for sickness, furniture, alcohol, tobacco, transportation to and from work, and all comforts and luxuries. Single rooms housed 97 per cent. of the working class families in Bombay (and

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the average of these was 4.03 persons per room, London 1.78). Rooms containing ten or more persons sheltered 13.7 per cent. of the population. Hence it is not surprising to learn that the average infant mortality for Bombay in one-roomed tenements was 828.5 per 1,000 of registered births. The death-rate per 1,000 for India in the influenza year, 1918, was 62.46; in 1921, 30.59 (about the average); and in 1922, the lowest, 24.02. The United States' death-rate in 1923 was 12.6, and Great Britain's 11.7. The Indian birth-rates for the same years were respectively 34.52, 31.97, and 31.85. The United States' birth-rate in 1923 was 22.8 and Great Britain's 20.1. The birth-rate shows a declining tendency in India, as the lowest previously since 1900 was 36.27 in 1916, and the highest, though not much above the average, 40.87 in 1904.

It may be a brutal statement, but it is only these high death-rates which prevent the population from multiplying so rapidly as to bring the whole country to starvation. Even the economic remedies proposed will be mere palliatives unless there is a great decrease in the birth-rate, such as usually accompanies a great improvement in the standard of living. The usual diet is deficient in proteins, sugars, fats, vitamins, fruits and other elements necessary for proper nutrition. The adult males of Bombay ate daily 1.29 lb. of cereals and .09 lb. of pulses, while the gaols gave a ration of 1.5 lb. of cereals and .27 lb. of pulses, and the famine code allows 1.29 lb. of cereals (no pulses) to diggers whose task is three-quarters that of the ordinary worker in normal times. It would take a volume to describe adequately the terrible conditions which exist, and only a few striking instances are given from the most reliable sources.

Agricultural wages are inconceivably low. The Labor Office of the Bombay Government, from whose publications the above statistics were taken, states that the average daily wages of field laborers in the Presidency increased

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from 3 annas in 1900 to 9 annas in 1922—an anna is about a penny. The cost of living increased so that the real wages improved only about 45 per cent., but they showed a decrease of 6 per cent. from those of 1914, though the real wages of most classes in India have actually increased since 1914. It seems almost impossible to support a family on such pittance, even though they may be increased by the earnings of the wives and children, and by the cultivation of garden plots. Housing and firewood do not usually have to be paid for in agricultural regions, and there are sometimes allowances of grain in addition.

It is very difficult to draw reliable conclusions as to the causes of these conditions, and to decide what the proper remedies are, and to what extent they can be applied. It may, therefore, be desirable to consider first certain general economic factors which may be active, and then to proceed to the discussion of specific subjects. Possibly circumstances may have caused the social evolution of India to lack social and economic balance. The colonial policy of Japan has been summed up by Baron M. Saito, Governor-General of Korea, in the words: "The economic development of the country must come first. Education and the raising of the standards of the people will follow. Afterwards political development may be possible." This plan has also been followed generally in the French and Dutch colonies, where there is little unrest, but the order has been reversed in the Philippines and in India, and there are some investigators who feel that the political difficulties in both countries are largely due to a failure to provide sufficient economic foundations to support top-heavy educational and governmental systems.

The social structure of India is such a complex mixture of clashing races, religions, manners and customs that it is most difficult to disentangle from the wilderness of details the dominant tendencies. Persons familiar with India will be able to raise valid objections to any attempt to apply economic principles to many specific instances,

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but this does not militate against the fact that, in the long run, fundamental economic laws must prevail over all obstacles, though often at the cost of intense national and individual suffering. There is reason to believe that the underlying, but unseen, cause of the various movements in India, which constantly threaten to confound the efforts of the trained officials and to overthrow the British administration, is the irresistible impact of the industrial system of the Occident, based upon power-driven machinery, upon the loosely organised handicraft organisation of the Orient. Fortunately, about 72 per cent. of the Indian population is engaged in agriculture, and so is only indirectly affected, but the effect on the 11 per cent. occupied in industry is overwhelming. Similar conditions existed in the early part of the last century in the United Kingdom, when the opposition of the handicraft workers to the introduction of textile machinery led to riots and the destruction of spindles and looms. In time, the difficulty was adjusted by the absorption by the mills of the weavers and other hand workers who had lost their means of livelihood. This was, of course, due to the increased demand for manufactured articles, made possible by the greater buying power of the operatives, who received more wages because they produced more each day than formerly.

In India, however, it was machine-made articles from abroad which undersold the hand-made goods. Until recently there was only a very small demand in India for mill workers, so the unemployed hand workers were not absorbed, and the buying power of the industrial population was diminished, instead of being increased. Even in 1920 there were 34,323,041 hand workers, artisans and mill workers of all kinds, most of whom were competing with difficulty with machine products. In the early days of the British East India Company, Indian hand-made cotton goods were sold at such low prices in England that British textile industries had to be protected by high tariffs and prohibitive regulations. With the introduction of ma-

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chinery, however, the situation was reversed and Indian textile industries declined rapidly. In the last half century British cotton cloths made from American cotton formed one of the principal articles exported from Great Britain to India. The extremely low import duties afforded inadequate protection to Indian craftsmen. Mr. Gandhi seems to be influenced in part by an imperfect understanding of the situation when he requests his followers to dress only in *khaddar*, coarse cloth spun and woven in India by hand, and to refuse to buy imported cloth, especially of British origin. He is trying to defeat the operation of an economic law by appealing to sentiment. This is rarely successful in the long run. A Delhi bazaar cloth dealer said that the buyers would pay a ha'penny a yard more for *khaddar* than for British cloth, but if the difference was a penny, they bought the latter, summing up his views in the words, "Patriotism for Gandhi's *khaddar* is not worth a penny." Similar, though less important, conditions exist in many other industries, and the bazaars of India are stocked with large quantities of imported goods which replace those formerly made with Indian labor. The results are obvious. It is a manifestation of the world-wide tragedy that being undersold bankrupts a man and ruins a nation.

The progressive substitution of machinery for human muscle has always produced similar results all over the world, but the peculiar caste organisation of Indian society has caused the disruptive results to be unusually destructive. In former times a large portion of the rural life of India was not founded upon free production and sale, or even on barter, but on quite a different plan which still persists in various localities. In many villages the local carpenters made the furniture and agricultural implements, the blacksmiths the ploughs and tools, the potters the water jars and household utensils, and the weavers the clothing. Their products were not paid for with money, but they supplied the wants of their neighbors, and received in



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return yearly payments, often in the form of a stated share in the harvests. Thus they were provided with a modest livelihood, without the necessity of finding a market for their wares. While the system was rigid, yet everyone was born with his appointed place in one of the 2,000 or so castes. Although individual initiative was severely restricted and a man could not change from his hereditary occupation in order to better himself, yet he was guaranteed against starvation except in time of famine. The plan was to keep up the wages of the workmen by limiting the supply, rather than by increasing the demand, which is the method of intelligent modern trade unions. It was the strictest kind of a closed shop, much more arbitrary than any Occidental trade union. Only the children of artisans could be apprentices and under no circumstances could an outsider work at any trade. Strike breakers and scabs were unknown. The scheme was the logical result of some of the tendencies of modern trade unions.

### III. SUGGESTED REMEDIES

MANY of the difficulties of the British in India to-day are due to their failure to recognise what has been taking place, to provide for the transition from the old order to the new, and to plan in advance to take care of the surplus population. The remedies, fortunately, are both obvious and possible of application, but there is no magical formula, or patent cure-all, and what is required is intelligent, patient, persistent effort over a long period of years. British rule has justified itself abundantly by substituting safety for life and property for the bloody chaos which existed after the downfall of the Mogul Empire. This is not enough for the future, and if British supremacy is to endure it must also provide continuous improvement in the economic condition of the submerged elements of the population. It is, of course, quite true

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that much has been done in this field and more is projected, but there has been too much delay and the programmes are not sufficiently definite and adequate. Prompt action is necessary to make up for lost time. Valuable information can be secured by a study of the success or failure of the experiments tried by the Dutch, French, Japanese and Americans. The Japanese are the only ones who appreciated the threatened economic crisis, and deliberately installed the industrial system in Japan early enough to prevent their social organisation from being crushed by the impact of Occidental civilisation, and managed cleverly to substitute the factory system for their former handicrafts.

Lack of personnel is one of the main obstacles to the carrying out of those portions of the Nationalist economic programme which are practical. Extremely intelligent Indians assert that the British officials, while entirely competent to administer in the time-honoured manner, are obviously not qualified to carry out a programme of agricultural and industrial improvement, and that while the British plan of education may produce cultivated and conscientious gentlemen, it certainly does not train experts in tropical agriculture and industry. Some of the answers to ordinary inquiries made by Provincial Directors of Agriculture and Industry are certainly startling to those who have either practical experience or some familiarity with the literature of the subjects. Some of the subordinate officials show astonishing ability and understanding, but their initiative is repressed by the failure of their superiors to comprehend economic problems, as they have been promoted by seniority and not because of special fitness for their positions. There is a feeling that adequate governmental effort is not being made in agriculture and industry, and that such steps as the curtailment of the activities of the Department of Commercial Intelligence are designed to restrict Indian commerce in the interests of British trade.

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When the objection is raised that the execution of the Nationalist programme would require enormous sums, which the present Indian and Provincial budgets cannot supply, and that all parties agree that additional taxation is practically impossible, the Nationalists reply that the necessary funds can be secured at once by the reduction of the army to a reasonable peace basis. They assert that the British and Indian armies absorb about 47 per cent. directly of the revenues of India and about 60 per cent., including the contributions from the Provinces and Indian States, and that the existing forces are maintained to keep the people of India in subjection and for the general military purposes of the British Empire, and not for the defence of India. There is also a widespread belief that the sums annually devoted to the construction of New Delhi should be productively employed. The incomplete buildings could be covered to prevent deterioration and it seems probable that when the new buildings are occupied, the expense of conducting the government will be greatly increased. There is, further, a growing opposition to the annual migrations to Simla and other Hill Stations, the climate of which is often not appreciated by Indians.

Some even insist that India cannot afford the existing bureaucratic system, and that the civil administration must be simplified so as to resemble the less expensive methods of the more progressive Indian States, which are said to be more satisfactory to the people, even if less perfect theoretically. There are even British officials who are convinced that the supervision exercised by the secretariats has increased so greatly in recent years that it has become detrimental to the service. They recommend that the amount of reports, forms and other "paper work" should be reduced to a minimum, so that they may spend their time usefully in the field, instead of chafing at their desks. These suggestions may seem radical, but it is evident that, if Gandhi ruled India, his administrative system would be much less complex. Mussolini's career

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exemplifies the statement that it takes a revolution to simplify a cumbrous administrative system, to reduce expenses, to discharge employees and to reform abuses against the united opposition of powerful vested interests. The details of his measures merit careful study with a view to their applicability to India. Many of the younger members of the Indian Civil Service could offer valuable suggestions. The recommendations of the Inchcape Commission, while in the main excellent, are considered not to be radical enough as they contemplate only improvements in existing methods, and not the substitution of others.

Very considerable additional revenues could also be obtained in the near future if the railways owned by the Government were adapted to the needs of the country, according to the statements of experts who have studied them. There is constant complaint from Indian sources that the agricultural and industrial growth of the country is being strangled by inadequate transportation. There is a chronic shortage of goods wagons, there are exasperating delays, and mills have had to curtail operations on account of lack of coal. There was great dissatisfaction when the railroad administration refused the offer of the jute mills, to provide, at their own expense, wagons for the transportation of coal. The Indian Press abounds with statements that the accommodation for third class passengers is totally inadequate, both in quality and quantity. The root of the trouble is that Indian railways are patterned after those of Great Britain, where relatively small quantities of compact and valuable goods are moved short distances through a thickly settled country. In India, large amounts of cheap and bulky foodstuffs and raw materials are transported long distances through thinly settled districts, the conditions to which the railroads of the United States have necessarily been adapted. Even some British railway experts believe that American locomotives, wagons (with American couplers) and heavy rails would permit the movement of much larger trainloads at a less expense per ton. The

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most pressing need is the improvement of the terminals where goods wagons are stored and transferred from one line of rails to another. Many of these are badly designed and so are the terminals at the docks of the large sea-ports.

The required improvements would necessitate large purchases of goods wagons, locomotives and rails, the enlargement of tunnels, the construction of heavier bridges, new terminals, and numerous other expenses, but the increased railway revenues would alone justify the expenditure, not to mention the inestimable benefit to the country, which would be reflected in additional income from taxes. There is a demand that the railway budgets should be separated from those of the Governments, and if London bankers do not desire to supply the funds, American financiers have expressed a willingness to assist, if officially requested to do so. They would also finance irrigation systems or other public works. These purchases would tend to relieve unemployment in the United Kingdom.

There seems to be a general agreement that Indian agriculture is in need of immediate assistance. In many districts the problem is essentially an agrarian one, similar to those which caused civil strife in ancient Rome, in France before the Revolution, in Ireland, in Russia under the Czars and in Mexico to-day. As in these cases, unrest will persist until the land of the State and of the large landholders is distributed among the peasants in parcels adequate to support them and their families in comfort. It is to be hoped that it will not take a revolution to bring this about, but it must be done eventually, peacefully or by force. The whole land system of India, especially land taxation, is antiquated, often oppressive, and should be revised intelligently. A great injustice was perpetrated when, in some places, the tax farmers were made practically feudal landlords. Rack-rent is often being forced out of plots which are too sterile to pay economic rent, and the evils of absentee landlordism are rife. The

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most obvious method of giving lands to the landless peasantry is by bringing water to arid areas. This has been done upon an enormous scale, and the systems of the British engineers command the admiration of all who have studied them. Funds are necessary to carry out projects already approved, especially in the north-west. Careful studies should also be made, to supplement those of the Madras and other Governments, as to the advisability of the greater use of pumps for irrigation from the 3,000,000 wells and the numerous rivers and streams. Experiments are desirable with various types of pumps operated by men, cattle, windmills and engines supplied with charcoal, coal, alcohol, petrol, kerosene and fuel oil. The costs of all these should be compared with those of the common lifting devices. In many cases the flow of wells would not justify the purchase of pumps, but often it would be warranted by the large profits from the cultivation of cotton, sugar, betel and other profitable crops, when the rainfall is not adequate.

The most striking results will come from the employment of tractor ploughs on the large areas suitable for cultivation, but which are not at present in use, as the native ploughs drawn by small bullocks cannot break up the roots of the tough grasses, shrubs and jungles. The necessary large scale operations can only be carried on by the Governments or wealthy landowners. It would be desirable to settle in these new districts colonists from villages where the holdings are too small to support them—often only three acres and sometimes only one-sixth of an acre. This would necessitate providing them with cattle and implements and supporting their families until the harvest.

While governmental agencies can assist in many ways, the agricultural regeneration of India can be accomplished only by the persistent efforts of its cultivators and landlords. The budgets of the Governments have now no funds to spare to assist even a small number of the millions

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who need aid. "The destruction of the poor is their poverty," and there seems to be no escape from the vicious circle. The cultivators are poor because they cannot afford to buy implements and fertilisers, and without these they cannot increase their incomes. If results are to be secured the Governments will have to raise money to start the process, by loans if necessary. Experiment farms will have to be enlarged and multiplied, the existing system of *taccavi* loans should be extended, and thoroughly trained men should be provided to advise and stimulate the farmers.

Coöperative societies under Government supervision are doing excellent work in many places in providing cattle, tools, seeds and fertilisers, and especially in freeing their members from peonage to money lenders. It is felt in some quarters, however, that their success is being hampered by the theory that the initiative should come from the members, and not from the Government, while with the present state of primary education, the officials must not only stimulate but direct these societies.

The encouragement of industry and manufactures, so that India may become increasingly self-supporting, has seemed so necessary for the ultimate welfare of the country, especially in time of war, that it has been adopted as a permanent policy of the Government of India, after careful study. There is a strong desire among Indian business men to press for the enactment of a high protective tariff on a large variety of manufactured goods to overcome the handicap with which new industries always have to contend when they compete with successful factories abroad. The well-known arguments for and against such policies apply in this instance, and there are some who advocate instead bounties to new plants, or their operation by local Governments. Much progress has already been made, as there were, in 1921, 545 textile mills with 654,028 hands; 154 engineering shops with 189,979 men; 990 concerns used 116,105 people to make building materials; 625



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chemical dye, oil and fertiliser factories employed 41,010 workers ; box factories, paper and printing plants, rope walks, and other miscellaneous industries demanded 352,649 laborers ; with a grand total of 1,599,944 employees in 7,514 large industrial establishments.

Nevertheless, these imposing figures are not sufficient for the needs of the country. Large quantities of manufactured goods are imported which could theoretically be made cheaper in India. Considerable quantities of raw materials are exported which could be at least partly manufactured. Hides, skins and tanning materials are shipped separately and not as leather. Raw cotton is sent to Japan and elsewhere, while cotton cloth and yarn are brought in. It is quite true that, at times, the Indian textile and some other industries have made very large profits, but it is asserted that it has been at the expense of the well-being of the factory workers who have been often ruthlessly exploited. The efficiency of the operatives is very small, though the low wages make them really cheap in certain cases. There is a great lack of Indian superintendents, foremen, repair men and of trained experts of all kinds. The administration is often very poor, especially in mills operated by Indians and the exasperating rattle of badly adjusted textile mills is a cry of help for scientific management and efficient engineering. In very many cases the failure to pay dividends is caused by bad business methods, not only in operation, but in buying and selling.

It is quite evident that there is pressing need for more schools to give technical and manual training to all classes, from the weaver and mechanic to the manager. It is also advocated that experimental plants should be operated to demonstrate the practicability of promising industries. An astonishing amount of Indian capital has been invested during the last ten years in companies of many kinds, many of which have not been successful. If an industry proves profitable, it is likely to be overdone, as was the case

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with the rice hulling plants of the Madras Presidency, whose capacity is said to exceed considerably the total production. Requests for Government assistance are being made in many fields, as Indian capitalists, as a rule, not only lack experience, but energy and initiative. There are, of course, some notable exceptions. The problem of Governmental aid to industry is always a difficult one, and there is great difference of opinion among experts even in Occidental countries. It is particularly difficult in India, as an effort has been made to hasten industrial development much faster than conditions warranted, partly for emotional and political reasons. The business depression of the last few years has impaired the soundness even of some existing enterprises and has discouraged the progress of new ones. The Indian and Provincial Governments, therefore, seem justified for the present in declining to engage in expensive business experiments of doubtful utility.

The plans of certain of the younger Nationalists for the future, when opposition to the Government has made the legislative system of the Dyarchy unworkable, are most interesting. Apparently some of them intend to combine with the "captains of industry" to exploit the resources of the land, as did those who surrounded President Diaz of Mexico in his old age. This is also the scheme in the Philippines, when they extort their independence from the United States. Some of the intelligent and wealthy men state frankly that the British Administration has shown that it has neither the ability nor the desire to cope with the economic problems of India, and admit that they have contributed funds to Gandhi because they expect him to break down the existing barriers, and intend to control the reorganisation of society. Opinions may differ considerably as to the probability of the success of such plans. There is much criticism of the higher officials, both Indian Ministers and British Members of Council, because they have neither comprehension nor interest in such matters.

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Some of the younger officials, however, are very enthusiastic, and complain that they cannot secure a hearing for their ideas, much less support from their superiors.

The suggestion comes from many quarters that the whole university system of India needs immediate modification, so that it will cease to produce large numbers of graduates (or "failed to pass" men) in excess of the demand for clerks, Government and railway employees, and "pleaders." The present cultural course gives a general training which is not suited to conditions, and the graduates, unable to earn a living in congenial pursuits, become agitators, or even propagate sedition and violence. Many of the troubles of the Government come from this source. The universities have even been called "Government factories for revolutionists." The logical plan would be extensive primary education, supplemented with technical and vocational schools, designed to prepare boys for occupations in which they are needed. Coöperation with employers is most desirable. There would be much opposition both from European and Indian sources to such a utilitarian plan, but it has been adopted deliberately in most of the Western States of the United States for reasons similar to those which exist in India. It seems probable that agitation for better educational facilities will continue until they are provided. The Bombay Presidency, as well as other Governments, has taken interesting steps in this direction.

Improved sanitation and medical care, and the provision of hospitals for the sick and of asylums for the insane and infirm are among the demands of the progressive Nationalists which must eventually be granted. The mortality from preventable diseases is appalling. In 1920, out of a total of 7,355,654 deaths, 5,480,773 were from cholera, small-pox, dysentery and diarrhœa, plague and fevers, which are usually classed as preventable. The great death-rate of men in the prime of life means a huge loss in potential production, but the decrease is even

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greater from absence from work caused by illness—in May, 1923, it was 34·3 per cent. in Bombay from all causes. It is impossible to estimate the loss of vitality from chronic diseases, but in some places 90 persons out of 100 were found to be suffering from one or more intestinal parasites, which constantly sap their energies. These can be eradicated by a few simple treatments. It is extremely difficult to answer the criticism of the Nationalists that millions could have been saved from death and suffering if the sums “squandered” on New Delhi had been expended on the health of the masses. While it is undoubtedly true that the difficulties in combating disease in India are unequalled elsewhere, and that religious and social customs make it almost impossible to employ the usual methods to eradicate plague, cholera and malaria, yet progress is being made, the demand for inoculation with anti-plague vaccine is growing, vaccination against small-pox is possible, and prejudices are being overcome. It has been proved in the Philippines that health is mostly a matter of money, and that it can be bought if really desired. Visits to free hospitals, clinics and dispensaries will convince the most incredulous of the necessities of the case.

The attitude of the Indian Princes is rarely discussed, as it is a delicate subject, yet a few words may not be amiss. The more radical agitators advocate the immediate violent removal of all Indian Princes and wealthy land-owners, calling them “useless parasites battenning on the life-blood of the people.” The advisers of some of them have decided that their salvation lies in justifying their existence by carrying out voluntarily the agricultural and industrial programmes of their opponents, and thus spiking their guns. Certain liberal political changes have been made, and others are projected. They are causing experiments to be made in the selection of seeds and the use of fertilisers, especially for rice, cotton and wheat, in the introduction of agricultural machinery and improved strains of cattle, and in the design of ploughs and other

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agricultural implements, suited to local conditions and within the reach of the poverty-stricken cultivator. They are further trying to exploit the resources of their territories, and are adopting various means to encourage the erection of factories and the growth of different industries. Their schools for manual training and for instruction in the use of machinery are performing a useful function. The silk industry also seems to have possibilities. It is believed by some that it will be demonstrated that the Indian Native States are able to provide these economic and educational facilities more efficiently and at a much lower cost than the Provincial Governments. One of the great drawbacks of the factory system is the congestion of the operatives in the tenements of city slums. In some of these States large factories are being deliberately erected at a distance from the chief industrial centres, in order that the workmen may have separate houses, with a bit of garden. Care is being exercised not to sacrifice the welfare of the individual to the desire to make profits. This idea could be generally adopted in the extensive territory in which electrical power can be generated.

Some of the Indian Princes have now been forced by the agitators to realise that the duration of their dynasties depends upon supporting the British rule, though there was at one time a feeling that their interest lay in associating themselves with the Nationalist movement. It is believed that some British Residents in their capitals have made mistakes in methods, and that young men with experience in economic subjects could assist materially in securing cordial coöperation. In some States there is evident need of financial advisers whose opinions would carry weight, to replace the existing senior officials.

It is most creditable to the British nation to note that the attacks by the intelligent Nationalists on the Administration do not accuse the British officials in general of corruption, incompetence, oppression, extortion, injustice, negligence, or undue severity, except in a few cases. There

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is little fault found with the British character. On cross-examination they will admit that the majority of the experienced officials are conscientious, honest, patient, long-suffering, persevering, and try to do their duty to the best of their ability. The opinion seems unanimous, however, from the cultivator to the Maharaja, that the personality of the Britons who have been sent to India during the last ten years is much less satisfactory than formerly; they are not considered *Sabibs* (gentlemen); they are often less tactful and self-controlled and their manners are sometimes distinctly bad. The underlying grievance often manifests itself with astonishing ferocity—it is resentment against the imputation of racial inferiority, which underlies all the political, business and social relations between the two races. Politeness is too often regarded as condescension from a superior to an inferior. Rudeness is felt to be the bearing of a master to a slave. Explosions of anger, profanity and blows stir in the impassive Oriental fierce desires for bloody retaliation. Some of the upper class educated Indians are bitter because their British acquaintances do not invite them to their clubs and homes, as they did in England. The graduates of the Indian universities feel aggrieved because Europeans fill the places in the government services for which they consider themselves better qualified. Some observers are convinced that if British rule comes to an end, it will not be on account of the grievances with which the Indian Press is filled, but because of the bland and unconscious disregard by most Britons of the *izzat* of almost every Indian individual with whom they come in contact. This is often translated “face” or “dignity,” but it defies definition, for it is a combination of racial and personal pride, self-respect, conceit, standing with one’s caste brothers, superiors, equals and inferiors. It is often more precious than life itself. When a Japanese *samurai* lost it, he committed suicide by *hari-kari*. It is still the motive power of modern Japan, and of many in India and China.

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This situation must be remedied, if British rule in India is to endure.

If a similar situation were placed before a trained American administrator, he would call together his subordinates, high and low, at a "smoker," and would explain to them the problems, the dangers, the means to be adopted, and what they were designed to accomplish, and ask for their enthusiastic coöperation. The British plan is merely to rely upon the well-justified fundamental principle of the Empire, "England expects every man to do his duty," but without enlightening him as to where, how and why. One of the Provincial Governors stated that he felt that British officials should be judged not by their success as administrators, but by their ability to train Indians to replace them; but he was evidently hampered by the almost united opposition of his subordinates.

One of the real issues cannot be evaded. What would the effect be upon the welfare of the United Kingdom if these economic demands of the Nationalists were carried out? The looms of Bombay have been busy, while those of Manchester have been idle; the jute industry has largely migrated from Dundee to Calcutta. It is no longer possible to retard the industrialisation of India—it has already taken place—and self-government has gone too far to make restrictive measures possible. However, the United Kingdom in 1921-22 still held 57 per cent. of the import trade of India, compared with the average of 63 per cent. in the years 1909-14. The manufacturers of Great Britain must meet the situation and make the goods which India does not produce, especially the finer goods and articles which require greater skill. The United States and Germany are among the best customers of the United Kingdom, in spite of their developed industries, and the factors which bring this about will apply in the case of India. There will be a growing demand for iron and steel, machinery, tools, utensils, instruments and appliances, especially for electrical apparatus. British industries will find an excel-



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lent market while the resources of India are being developed, which will take many years.

Whether for good or ill, the day of the British officials in India is passing: that was decided when the Montagu-Chelmsford Reforms were instituted. Progress toward Dominion self-government is inevitable. The highest authorities feel that the Indian Legislatures have assumed functions which were never contemplated. There will be, however, a career for British youth, with greater possibilities of profit, if less agreeable, in the agricultural and industrial development of India, as it will be more than a generation before Indians in sufficient numbers can be trained for the purpose. Caste prejudices still oppose formidable barriers. The Britisher of the new type will have to be carefully trained to secure the confidence of his Indian employer. British managers and foremen in Indian mills rarely have cause to complain of their treatment. The technical expert, however, will be forced to work nearly the same hours as his plant, he will have few hours in the day for sport or social life, his vacations will be shorter and less frequent, and his life less pleasant than that of the officials of the past.

The coöperation of a large fraction of the Indian population is obviously necessary for the success of any of these plans. If a definite and detailed programme of agricultural, industrial, sanitary and educational betterment were adopted, embodying the demands of the more intelligent Indians, it might be possible to enlist the support, if not of Gandhi, at least of some of the less radical leaders, and certainly of the business men and landholders, who would profit most by it. Indian cultivators have a vein of shrewdness, which might be utilised. Like most Orientals, their underlying thought is what their personal interests are. In the past, they have been so harried by the police and harassed by the tax gatherer that they have been apt to forget the safety for life and property and the civil and criminal justice, which are the best gifts of the British rule.

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If it also educated their children, cured their sick wives, liberated them from bondage to the money lenders, gave them land and cattle, and showed them how to raise larger crops, it would develop an interested loyalty, which would be the best guarantee against sedition. It has so far failed to make the masses appreciate that it is constantly benefiting them materially.

The economic salvation of India depends upon the investment of considerable amounts of capital to introduce cheap transportation, and modern methods for the development of the agricultural and mineral resources of the country, including both large scale production and improved processes of manufacturing at low cost a large variety of articles which can be made and used profitably in the country. Part of the funds may be furnished by Indian investors, but much must be drawn from London. British capitalists cannot be expected to make investments unless they are convinced that their money will be safe in India. This cannot be guaranteed until the existing unrest has been eliminated. Few Indians have the technical or administrative training required to conduct large enterprises, and British supervision will be essential until a whole generation of Indians has been instructed. The existing system of managing agents must be replaced by more specialised organisations. The difficulties are not insuperable, if those charged with the responsibility are willing to study their problems carefully, and to learn from the experience of others, even if it involves the abandonment of cherished traditions. The British Administration must justify its continued existence by providing something which the Indians cannot secure without its assistance. It must be realised that the world is now dominated by economic factors, and not alone by those of politics. A perfectly definite, detailed programme must be adopted, and its advantages made clear to the Indian masses, whose loyalty to the British "Raj" must be stimulated by improvements in their health and happiness.

## EDITOR'S NOTE

### THE IRISH BOUNDARY QUESTION

*The following note amplifies and brings up to date the note which appeared in our last issue.\**

#### I.

LAST Easter brought us, in Great Britain, a reminder that there is still something which we are called upon to do under the Irish Treaty. Immediately after the breakdown of the Conference between Sir James Craig and President Cosgrave, the latter required us to set up the Boundary Commission. It is so long since the Treaty was signed and so much has happened since, that it may be of use to set out a few of the main facts. Our own obligation is defined by two British Acts of Parliament, the Irish Free State (Agreement) Act, 1922, which gave the Treaty the force of law, and the Irish Free State Constitution Act, 1922, by which it was ratified.

The relevant clauses of the Treaty are set out below. Our obligation to carry it out has been recognised by this Government as well as by its predecessors.

The present boundary, which was shown on a map in our June issue, was established when Ireland was for the first time divided by the Government of Ireland Act, 1920, into two political units. To understand the line the boundary follows it is, however, necessary to go a little further back. The idea of partition was mooted during the debates over the 1912 Home Rule Bill. In June, 1912, Mr. Agar Robartes moved that four counties should be excluded. In January, 1913, Sir Edward Carson proposed that the province of Ulster should be left out. Both these motions were negatived. Early in 1914, however, after the arming of Ulster, partition was again proposed, this time by the British Prime Minister. The proposal was now county

\* THE ROUND TABLE, June, 1924, No. 55, p. 643.

## Editor's Note

option. Mr. Asquith would have let any Ulster county vote itself out for six years. This proposal was rejected by Ulster. Then came the great war. It found us on the verge of civil war, but in face of the external danger the operation of the Home Rule Act was, as a compromise, suspended until a year after the end of the war, and a pledge given that coercion would not be used against Ulster. Amending legislation to deal with her was to be passed. Next came the 1916 rebellion, and after it, feeling it impossible to wait for peace, the Government deputed Mr. Lloyd George to negotiate with the Irish leaders a settlement that would permit of Home Rule coming in at once. The partition scheme now took a new form. There was still no question of Home Rule for the area to be excluded. But there was a change in the area suggested. This time it was neither the province, which consists of nine counties, nor county option, but something between the two, *i.e.*, six counties, the same six as now constitute Northern Ireland. In four of these counties, Down, Antrim, Derry and Armagh, there was a marked majority of Protestants. In the whole six-county area the Protestant majority was considerably larger than in the province as a whole; but in two of the six counties Fermanagh and Tyrone, though the religions were more evenly balanced, according to the 1911 census,\* the Catholics were more numerous than the Protestants. The pro-

* Area.	Total Population.	Catholics. per cent.	Non- Catholics. per cent.	Catholic. Majority.	Non- Catholic.
Ulster . . . . .	1,581,696	690,816 (43·67)	890,880 (56·33)	—	200,064
Six Counties (including Boroughs of Northern Ireland) . . . . .	1,250,531	430,161 (34·40)	820,370 (65·60)	—	390,209
Antrim . . . . .	193,864	39,751 (20·50)	154,113 (79·50)	—	114,362
Armagh . . . . .	120,291	54,526 (45·33)	65,765 (54·67)	—	11,239
Belfast County Borough	386,947	93,243 (24·10)	293,704 (75·90)	—	200,461
Derry . . . . .	99,845	41,478 (41·54)	58,367 (58·46)	—	16,889
Derry County Borough	40,780	22,923 (56·21)	17,857 (43·79)	5,066	—
Down . . . . .	204,303	64,485 (31·56)	139,818 (68·44)	—	75,333
Fermanagh . . . . .	61,836	34,740 (56·18)	27,096 (43·82)	7,644	—
Tyrone . . . . .	142,665	79,015 (55·39)	63,650 (44·61)	15,365	—

An appreciable migration of Protestants over the border from the South is alleged in Ulster to have taken place since this census was taken.

## The Irish Boundary Question

posal was accepted on June 12, 1916, by the Ulster Unionist Council, in spite of protests from Cavan, Monaghan and Donegal, where Unionists had also signed the Ulster Covenant. The proposal, however, came to nothing at this time, partly owing to a misunderstanding—Mr. Redmond thinking that Ulster was bound to accept the decision of the Imperial Conference after the war, and Sir Edward Carson that the six counties could stay out permanently—and partly owing to dissensions in the British Cabinet, to which reference has already been made in these pages.\* In 1917, just after America entered the war, the offer to leave out the six counties was again repeated by Mr. Lloyd George, who was now Prime Minister. The arrangement was to be reconsidered in five years, and Home Rule to come in at once for the rest of Ireland. As an alternative, an Irish Convention was suggested. The Convention was chosen by Mr. Redmond, but after eight months' discussion it, too, came to nothing, and the pre-occupations of the war, and after it of the peace, put the Irish question out of people's minds for the next two or three years, though the sands were fast running out.

The next step in the history of the Boundary question was the Government of Ireland Act of 1920, which became law in the dark period of the Irish troubles. The influence of Sinn Fein had completely superseded that of the old constitutional Nationalists. Partition now became a legal reality. Ireland was divided into two parts and a limited measure of Home Rule conferred upon each of them. In its first section the new Act provided that Northern Ireland should consist of "the Parliamentary counties of Antrim, Armagh, Down, Fermanagh, Londonderry and Tyrone, and the Parliamentary boroughs of Belfast and Londonderry." Southern Ireland was to include "so much of Ireland as is not comprised within the said Parliamentary counties and boroughs." The reason for this measure was the rooted objection of the Protestant majority

\* THE ROUND TABLE, No. 43, June, 1921, p. 481.

## Editor's Note

in the North East to enter a Home Rule system with the rest of Ireland in which the population was predominantly Catholic. Its machinery contemplated the possibility of union by agreement. Northern Ireland accepted the new Act—regretfully, according to its spokesmen, who would, they said, have preferred to remain under Westminster—and has worked it for the last three years. Southern Ireland would have none of it, and the struggle with Sinn Fein continued until the truce in 1921, which led to the signing by the representatives of the British Government and of Sinn Fein of the Irish Treaty, under which the Irish Free State was brought into being.

Northern Ireland was not represented at the Conference which arranged the Treaty. Sir James Craig accepted the original invitation, but then Mr. de Valera ignored his official position, and he declined to meet him “until he recognises that Northern Ireland will not submit to any authority other than H.M. the King and the Parliament of the United Kingdom, and admits the sanctity of the existing powers and privileges of the Parliament and Government of Northern Ireland.” Later on when he was again invited, he was ready to meet Mr. Lloyd George informally, but not to enter into Conference while there was any question of a Parliament for All Ireland.\* An informal meeting was arranged.

On November 29, Sir James Craig read the following statement to the Parliament of Northern Ireland, which had been, he said, agreed upon between himself and Mr. Lloyd George :—

By Tuesday next either the negotiations will have broken down or the Prime Minister will send me new proposals for consideration by the Cabinet. In the meantime the rights of Ulster will be in no way sacrificed or prejudiced.

On December 5, Mr. Lloyd George wrote to Sir James

\* For the Government's invitations and the line taken by Sir James Craig, see *ROUND TABLE*, No. 44, pp. 767, 768, 783 to 792, and *White Paper*, Cmd. 1561.

## The Irish Boundary Question

Craig, announcing that the Treaty had been signed and drew his attention to the clauses which permitted Ulster to vote herself out of the Free State but prescribed a Boundary Commission if she did so (Clauses 11 and 12).

In his reply, on December 14, the Ulster Prime Minister objected strongly to the Boundary Clause. It was, he said, a breach of the Prime Minister's promise, and of the 1920 Act, and it was unprecedented in the history of the British Empire for territory to be taken from an established Government without its consent. He reminded Mr. Lloyd George that when they met on December 9, Mr. Lloyd George had explained to him that "it was only intended to make a slight readjustment of their boundary line so as to bring into Northern Ireland loyalists who are now just outside our area, and to transfer correspondingly an equivalent number of those having Sinn Fein sympathies to the area of the Free State." He also reminded the British Prime Minister that he had reserved to his Government the right of dissenting from the appointment of any Boundary Commission.

We now come to the Treaty. It is unnecessary to set out the whole document. Clauses 11 and 12 are enough for our purpose. They read as follows :—

11. Until the expiration of one month from the passing of the Act of Parliament for the ratification of this instrument, the powers of the Parliament and the Government of the Irish Free State shall not be exercisable as respects Northern Ireland, and the provisions of the Government of Ireland Act, 1920, shall, so far as they relate to Northern Ireland, remain of full force and effect, and no election shall be held for the return of members to serve in the Parliament of the Irish Free State for constituencies in Northern Ireland, unless a resolution is passed by both Houses of the Parliament of Northern Ireland in favour of the holding of such elections before the end of the said month.

12. If, before the expiration of the said month, an address is presented to His Majesty by both Houses of the Parliament of Northern Ireland to that effect, the powers of the Parliament and Government of the Irish Free State shall no longer extend to Northern Ireland, and the provisions of the Government of Ireland Act, 1920 (including those relating to the Council of Ireland), shall, so



## Editor's Note

far as they relate to Northern Ireland, continue to be of full force and effect, and this instrument shall have effect subject to the necessary modifications.

Provided that if such an address is so presented, a Commission consisting of three persons, one to be appointed by the Government of the Irish Free State, one to be appointed by the Government of Northern Ireland and one who shall be Chairman to be appointed by the British Government, shall determine in accordance with the wishes of the inhabitants, so far as may be compatible with economic and geographical conditions, the boundaries between Northern Ireland and the rest of Ireland, and for the purposes of the Government of Ireland Act, 1920, and of this instrument the boundary of Northern Ireland shall be such as may be determined by such Commission.

The address to the King permitted under Clause 12 was presented, with the result that Northern Ireland, as the Treaty prescribes, remains outside the Free State and continues, as Clause 12 makes clear, to function under the 1920 Act, the provisions of which are declared by the Treaty to be still, in so far as they relate to it, of full force and effect.

So much for the history of the question. As a result of the Republican rebellion, the Imperial Conference, general elections and changes of Government, and finally of Sir James Craig's illness, which made it necessary to put off the last attempt to settle the matter out of court, it has been long in coming to a head. The first attempt at agreement was made early in 1922 by Mr. Michael Collins and Sir James Craig. It failed and they issued an agreed statement giving the reason for the breakdown. The Irish signatories, it appeared, believed that the British Government had agreed with them "that large territories were involved," while Sir James Craig had been "given privately to understand" the contrary. The British Government denied that anything had been said to justify Mr. Collins' statement. Events have conspired to make agreement difficult, especially the invasion of Ulster territory in 1922, and on the other hand, the more recent bitterness produced by changes made or contemplated in the electoral system of

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Northern Ireland which have the effect of reducing Catholic representation.

It remains to say a word about the present attitude of the parties. Briefly, there are hopes in the Free State, based on population statistics and arguments which are set out in a handbook published by its Government, of getting Fermanagh and Tyrone, or the greater part of those counties, Derry City and Newry, as well as slices out of other border counties. What the Ulster case would be under the Treaty can only be conjectured. According to Lord Birkenhead, the undertaking was to set up a Commission, the purpose of which was not to reallocate territory, but only to adjust inconvenient boundaries, and the other British delegates have also said that only rectification or readjustment of the existing boundary was intended.\* A writer in *The Times* has reminded us that the Government of Ireland Act, 1920, provides that Northern Ireland shall consist of the six counties and that the provisions of this Act are expressly kept alive, in so far as Northern Ireland is concerned, by the words of the Treaty, which itself is only to have effect "subject to the necessary modifications." A claim which amounted to dismembering the existing Northern State and setting up a new one with a new boundary would, in his opinion, be extravagant, as a refusal would be on the other side to give up "an inch of sacred Northern territory." But these are other people's arguments. Ulster herself has never got as far as attempting to state a case for the Boundary Commission. Sir James Craig is ready to try and settle minor rectifications of the boundary with Mr. Cosgrave direct, but Ulster refuses to have any part in the Commission. It was agreed to, she says, contrary to the promises of the British Government,

\* Mr. Lloyd George's speech in the House, on December 14, 1921, has been quoted by both sides. He said "If Ulster is to remain a separate community, you can only by means of coercion keep them (a majority of the people in two of the Northern Counties) there." Later on he explained that the proposal was a readjustment of the boundaries of the North of Ireland.

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without her consent and over her head. From her standpoint the 1920 Act was a final settlement. On its side, the Free State says that Ulster is taking advantage of part of the Treaty and refusing to recognise the other part. It turns to us and points to the undertaking Great Britain has given. For if, it says, Ulster is still part of Great Britain, it is the duty of the British Government to see that its word is honoured and her law obeyed. The Free State Government remind us that they themselves have fought their own fellow-countrymen in order to carry out their part of the Treaty.

## II.

WE now come to the events of the last quarter. After the unsuccessful meeting between Mr. Cosgrave and Sir James Craig, in Easter week, the British Government, in response to Mr. Cosgrave's demand that the Boundary provisions should be carried out, appointed Mr. Justice Feetham, a South African Judge, Chairman of the Boundary Commission. Professor Eoin McNeill, the Free State representative, was appointed a year ago. Mr. Justice Feetham arrived in England on June 30, and has already made a personal tour of the boundary and conferred with the authorities in the Free State and Northern Ireland.

As Northern Ireland, however, still declined to appoint her Commissioner, the British Government, at this stage, felt it necessary to have the legal position cleared up and referred several points to the Judicial Committee of the Privy Council, the Chief Justice of Australia and Mr. Justice Duff of the Supreme Court of Canada being brought to England specially to serve on the panel which considered these questions. The other judges were Lord Dunedin, Lord Blanesburgh, and Sir Lawrence Jenkins, formerly Chief Justice of the Bengal High Court. After hearing the British Law Officers and Counsel for Northern Ireland—the

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Free State did not send any representative—the Judges communicated their decision to the British Government on July 31. The questions referred to them and their answers are set out in the Appendix. They make it clear that unless Northern Ireland appoints her Commissioner, the Boundary Commission cannot be set up under the existing law.

On July 31, a meeting took place between the Government, the Conservative and Liberal leaders and the British signatories of the Treaty who are still in Parliament, to consider the interpretation of Clause 12, but no decisions were arrived at.

The next day the Colonial Secretary announced in Parliament the Government's intention of introducing legislation unless Northern Ireland should see her way to appoint her Commissioner. On August 2, there was a meeting between the Colonial Secretary and Mr. Cosgrave and Lord Londonderry—Sir James Craig was unfortunately ill—but it came to nothing, and the Free State pressed for immediate legislation. Indignation was expressed as early as August 1 in the Dail at even the possibility of hesitation or delay. The Labour leader, Mr. Johnson, according to *The Times*, went so far as to declare "that as a result of the British Government's obvious failure to discharge its obligations under the Anglo-Irish Treaty in regard to the Boundary Commission the time had come now when the whole question of Treaty revision should be considered by the Dail. Britain had not fulfilled her bond and the Free State automatically was released from its contractual obligations in consequence of the British default." Mr. Cosgrave denied that any breach had occurred. On August 3, a personal visit was paid to Dublin by Mr. J. H. Thomas and Mr. Henderson. The Government was, as a result, sufficiently impressed by the danger of delay to advance the date for the second reading of its Bill, which had been intended for October 28, by nearly a whole month.

With the Privy Council's ruling a new phase begins.

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Individuals continued to hold very different views with regard to Ireland, but hitherto nothing had occurred to bring the Treaty into party politics. A variation from its terms was made on an important point in 1922. It was necessary to keep the 1920 Act in full operation in view of the probability that Northern Ireland would vote itself out of the Free State, and among other things the Free State and Northern Ireland were themselves empowered to alter the provisions about the Council of Ireland by passing identic Acts.\* This departure from the Treaty was allowed to pass without opposition because the Free State and Ulster had agreed that it should be so. With this exception it had simply been a question of carrying out cut and dried terms. Few people gave the boundary a thought.

To-day the situation is different; an unforeseen contingency has appeared, and the Irish question is once more on everyone's lips. There is no longer the same unanimity. The Government has made its attitude clear. It hopes that even at this eleventh hour the Free State and Northern Ireland will come together, but if no agreed settlement is arrived at, it intends to pass the Bill set out in the Appendix to enable it to appoint a Commissioner for Northern Ireland. This Bill was put before the House of Commons on August 6 and the second reading is fixed for September 30. The failure to foresee that the setting up of the Boundary Commission might be prevented by a refusal on the part of the Government of Northern Ireland to appoint their Commissioner is described by the Judicial Committee as a "*casus improvisus*" in an Act of Parliament; that is to say a contingency not foreseen by Parliament when it enacted the Treaty, and the Government view is that the honour of the nation (which approved of the carrying out of the Treaty, as so enacted, at the general election of 1922) is involved in remedying a technical

\* There is a time limit of five years, and as regards rates, taxes, etc., in Northern Ireland, the Railway and Canal Commissioners can effect modifications till there is a Council of Ireland.

## The Irish Boundary Question

defect which, on the Privy Council ruling, was unforeseen, though it was, Mr. Thomas pointed out in the House of Commons on August 1, the undoubted intention of the Treaty that the Boundary Commission should function. Mr. Lloyd George announced in Parliament, on August 1, when the Government first made its intention clear, that the Liberal party would support it.

It is too early to judge what line the Conservative party will finally take. In the House of Lords, on August 6, if Lord Curzon correctly interpreted its attitude, there was no sympathy or agreement with the terms of the Government's declaration. At a Conservative fête at Hemel Hempsted, the same evening, Mr. Baldwin is reported to have used the following words :

I think it only right to add this, that should unfortunately no settlement be arrived at and the Bill come before Parliament, any Bill which sets out to so alter the Treaty by changing the character of that body that has the arbitrament of this most difficult question, any such Bill will be opposed to the utmost by the party which I have the honour to lead. A great deal has been said in the House of Commons on this question about the honour of our country. No one is more sensitive of that great honour than I am, but there is an honour to Ulster under the pledge given her in 1920, and that is the honour which we abide by, and which we shall strive to maintain.

This speech, however, *The Times* did not apparently take to be a final and official declaration of policy, and in neither House, when the Government produced its Bill on this same day, did the Conservative party disclose its attitude. There have, however, been other expressions of dissent from the Government's proposals besides Mr. Baldwin's. Some think that as the Treaty did not provide for the case of the failure of one of the Governments concerned to appoint a Commissioner, there is no need for us to do anything more, especially in view of our obligations to Ulster. Others go further and deny that there is any defect in the Treaty. One writer doubted if the case was even unforeseen. Mr.

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Austen Chamberlain has, however, since assured us that it was not foreseen that Ulster would refuse to appoint her representative.

Proposals have been made with a view to satisfying Northern Ireland that there is in any case not to be any radical diminution of its area, only the sort of rectification of the boundary that British signatories had in mind when they signed the Treaty. Some would add an interpretative clause if there is to be legislation to make sure of this. Mr. Austen Chamberlain is confident that a judicial interpretation would reassure Ulster and perhaps result in her taking part in the Commission. What was agreed to was, he says, in the opinion of the Lord Chancellor and the Law Officers of the day, the rectification of the existing boundary, not the creation of a new one. The issues, in Lord Birkenhead's opinion, involve much not only to the Conservative party but to the Constitution under which we live.

Our own view is that the Boundary Commission must be set up and that the Government Bill should be supported.

## APPENDIX

### REPORT OF THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL.

By an Order in Council of date June 25, 1924, Your Majesty was pleased to refer to this Committee the following questions :—

1. Whether, in the absence of a Commissioner appointed by the Government of Northern Ireland, a Commission within the meaning of Article 12 of the Treaty will have been constituted, or can be competent to determine the boundary under that Article ?
2. Whether, if the answer to the first question is in the negative, it is competent for the Crown, acting on the advice of Ministers of the United Kingdom, to instruct the Governor of Northern Ireland, in default of advice from His Ministers, to make an appointment, and for the Governor of Northern Ireland to act upon that instruction ; and whether, if the Governor of Northern Ireland makes an appointment in



## The Irish Boundary Question

pursuance of that instruction, the Commission will be duly constituted ?

3. Whether, if the answer to the preceding questions is in the negative, it is competent for the Crown, acting on the advice of Ministers of the United Kingdom, to make the appointment, and whether, if the Crown so appoints, the Commission will be duly constituted ?
4. If the answer to all the preceding questions is in the negative, whether there is any constitutional method of bringing the Commission into existence, so long as the Ministers of Northern Ireland maintain their refusal ?

By another Order of date July 25, 1924, the following supplementary question was referred :—

5. If a Commission is duly constituted composed of (a) two persons or (b) three persons, whether in case (a) in the event of disagreement the Chairman will have a casting vote and in case (b) in the event of disagreement the vote of a majority will prevail ?

The Lords of the Committee thought it right to afford an opportunity to the representatives of the Irish Free State and of Northern Ireland, respectively, to put forward any considerations which, in their opinion, ought to have weight in arriving at the answers to the above questions. The representatives of Northern Ireland appeared before their Lordships by Council ; the representatives of the Irish Free State intimated that they did not desire to be heard. Your Majesty's Attorney-General for England intimated a desire to be heard, which was acceded to. Their Lordships had submitted to them the correspondence which had taken place between the Government of the Free State and Northern Ireland and the Colonial Office and the Prime Minister of Great Britain.

Their Lordships having taken into consideration the questions submitted beg to report as follows :—

It appears to their Lordships that the question which really underlies and provides the key to the first four questions is what is meant in Article 12 of the Schedule appended to the Act of Parliament, entitled "The Irish Free State Agreement Act, 1922," 12 Geo. V., ch. 4, by the expression "the Government of the Free State, the Government of Northern Ireland, and the British Government," by whom respectively the appointments are to be made.

Their Lordships have no hesitation in holding that the expression is to be taken in its natural and ordinary meaning, namely, the respective Executive Governments responsible to their respective Parliaments. In the case of the Free State, that is the Parliament which is being created by the Act. In the case of Northern Ireland it is the Parliament created by the Government of Ireland Act,

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1920. In the case of the British Government it is the Imperial Parliament. In the cases of the Free State and of Northern Ireland the determination of the Government would be constitutionally expressed through the mouth of the Governor as advised by his Ministers. The expression so construed has not only its natural and everyday meaning, but it is so used again and again in the Government of Ireland Act, 1920, which Act it is the purpose of the Act of 1922 to alter and amend.

Keeping this cardinal point in view, their Lordships humbly submit the following categorical answers to the questions put :—

1. Their Lordships think it right to point out that the words "in the absence of a Commissioner appointed by the Government of Northern Ireland" are susceptible of a double meaning. They might mean that no Commissioner had been appointed. They might mean that a Commissioner had been appointed but had absented himself from all deliberation. It is clear to their Lordships, from the terms of the second question, that the meaning is the first of those mentioned. The answer to the question is in the negative. The Tribunal designated by Article 12 is a statutory Tribunal brought into existence by the terms of the Article. It is no existing body. Any Tribunal, therefore, which did not exactly correspond to the words used in Section 12 would not be the Tribunal which, under the Act of Parliament, had alone power to determine the questions for which that Tribunal was created.

2. The answer to this question is also in the negative. The reasons have been given in the preliminary observations submitted. The appointment is not committed to the Governor, who only acts in this matter as the mouthpiece of his Ministers responsible to Parliament. Their Lordships consider that the Governor of the Irish Free State expressed himself with perfect correctness when, in his dispatch of July 19, 1923, he intimated that, pursuant to Article 12, "my Ministers have nominated" a certain gentleman as the representative of the Irish Free State to act on the Boundary Commission.

3. This also is answered in the negative. The same considerations as dictated the answer to question 2 apply here. In addition, their Lordships consider that any view of a remanent prerogative in His Majesty to make such an appointment cannot be entertained. In the first place it is not a question of settling boundaries but of supplying a *casus improvisus* in an Act of Parliament, a procedure to which the prerogative could not be held to extend. But further, even supposing it could be looked on as a question of boundary, their Lordships consider that the case of *Attorney-General v. De Keyser's Royal Hotel, Ltd.*, 1920, Ap. Cas. 511, settled that once any matter which includes something which might fall within

## The Irish Boundary Question

the prerogative is dealt with in an Act of Parliament to which His Majesty has necessarily assented, all within the ambit of the matter so dealt with can only be dealt with in the future as the Act of Parliament directs and cannot be affected by an exercise of the prerogative outside the provisions of the Act.

4. There is in their Lordships' opinion under the above hypothesis no constitutional method under the existing statute law.

5. In view of the answers already given, it is apparent that this question cannot apply to any existing state of affairs. Categorically, however, their Lordships answer thus :—

- (a) If there were a Commission of two there would be no casting vote appertaining to a Chairman as such unless power to that effect had been specifically given in the constituting instrument.
- (b) If three Commissioners had once been appoined, then, although in private arbitrations unanimity is necessary, it is otherwise when the matter to be determined is of public concern. This was settled so long ago as 1798 in the case of *Grindley v. Barker*, 1. Bos. & Pul, p. 229, where Chief Justice Eyre says : "I think it is now pretty well established that where a number of persons are entrusted with powers not of mere private confidence, but in some respects of a general nature, and all of them are already assembled, the majority would conclude the minority and their act will be the act of the whole." This case was followed by Lord Chancellor Cairns, Lord Selborne and several other members of the Judicial Committee in the matter of an arbitration between the province of Ontario and the province of Quebec, where the matter was referred by His Majesty to the Judicial Committee.

The case is reported in 4 Cartwright's Cases on the British North America Act, p. 712. The case had to do with Section 142 of the British North America Act, where a certain matter was to be referred to the arbitrament of three arbitrators, one appointed by the Government of Ontario, one by the Government of Quebec, and one by the Government of Canada. One of the arbitrators had retired. Lord Selborne says : "The view which prevails that unanimity is necessary when power is given to three persons does not depend on anything peculiar to arbitrations, it surely would be a general view subject to control either by something expressed in the instrument or by something to be collected from the nature of the power and the duty to be performed under it." And then he puts the question, "Is not one reason for the distinction that in the public interest it is necessary that the thing should be decided ?"; and their Lordships' answers were given in accordance

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with this view. These authorities seem to their Lordships conclusive. They have no doubt that this is a matter of public interest and not a matter of merely private concern between the parties concerned and they, therefore, answer that though in accordance with their answer to question 1 if no appointment is made the Commission cannot go on, yet, if once the three appointments had been made, a majority would rule :

All of which is humbly reported to Your Majesty by Your humble and obedient Servants

(Signed) DUNEDIN.  
BLANESBURGH.  
LAWRENCE JENKINS.  
LYMAN P. DUFF.  
ADRIAN KNOX.

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### IRISH BOUNDARY COMMISSION.

#### TEXT OF AMENDING BILL.

A Bill to Confirm a certain Agreement supplementing Article Twelve of the Articles of Agreement for a Treaty between Great Britain and Ireland to which the force of law was given by the Irish Free State (Agreement) Act, 1922, and by the Constitution of the Irish Free State (Saorstát Eireann) Act, 1922.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

1. The Agreement set forth in the Schedule to this Act, being an agreement supplementing Article 12 of the Articles of Agreement for a treaty between Great Britain and Ireland to which the force of law was given by the Irish Free State (Agreement) Act, 1922, and by the Constitution of the Irish Free State (Saorstát Eireann) Act, 1922, is hereby confirmed, and the said Articles of Agreement for a treaty and the Irish Free State (Agreement) Act, 1922, shall have effect accordingly.

2. (1) This Act may be cited as the Irish Free State (Confirmation of Agreement) Act, 1924.

(2) This Act shall come into operation on the date on which the said Agreement is confirmed by Act of the Parliament of the Irish Free State, or, if such an Act is passed before the passing of this Act, shall come into operation on the passing of this Act.

The schedule is as follows :—

Agreement supplementing Article Twelve of the Articles of Agreement for a Treaty between Great Britain and Ireland to which the force of law was given by the Irish Free State (Agreement)

## The Irish Boundary Question

Act, 1922, and by the Constitution of the Irish Free State (Saorstát Éireann) Act, 1922.

Whereas the Commissioners to be appointed under the said Article Twelve by the Government of the Irish Free State and by the British Government respectively have been duly appointed by those respective Governments, but the Government of Northern Ireland has declined to appoint the Commissioner to be so appointed by that Government, and no provision is made by the said Articles for such a contingency:

Now it is hereby agreed, subject to the confirmation of this Agreement by the British Parliament and the Oireachtas of the Irish Free State, that if the Government of Northern Ireland does not before the date of the passing of the Act of the British Parliament or of the Act of the Oireachtas of the Irish Free State confirming this Agreement, whichever is the later date, appoint the Commissioner to be so appointed by that Government, the power of the Government of Northern Ireland to appoint such Commissioner shall thereupon be transferred to and exercised by the British Government, and that for the purposes of the said Article any Commissioner so appointed by the British Government shall be deemed to be a Commissioner appointed by the Government of Northern Ireland, and that the said Articles of Agreement for a Treaty shall have effect accordingly.

Signed on behalf of the British Government:

J. RAMSAY MACDONALD.

Signed on behalf of the Government of the Irish Free State:

LIAM T. MACCOSAIR.

August 4, 1924.

## UNITED KINGDOM

### I. THE THREE MINORITIES

THE Irish question has wheeled up again from under the rim of the horizon. Baffled politicians can set about recasting their horoscopes for a space, some more and some less hopefully. If Ireland were again to claim a front place in British politics, the course of party policies might be simplified for a time, at what injury to national interests need not be said. It might, for a time, emphasise the reality of political divisions between Conservatives and Liberals, which under present conditions the electorate finds it harder and harder to rationalise. As in the last election, fought on free trade, the revival of one of the historic issues would give Liberalism room to breathe and fight and enlarge its independence.

The Conservative party, a small die-hard faction apart, has certainly no wish to be made to fight in this field especially with its responsibilities extended consequentially to a defence of the unreformed House of Lords. Nor do the far-sighted in the Labour party welcome Ireland back to the realm of controversy. They regard the Liberal party as a superfluous encumbrance of politics, an unnecessary complication of their prospective warfare for collectivism. They would deplore whatever tended to prolong its independent existence. They would also deplore a new Irish quarrel as a distraction from their own programme and a definite setting-back of the political clock.

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While this is broadly true of the Labour position, it is also true that the most radical of the parties—a fine paradox, this—has the most interest for the present in maintaining the balance of things as they are. There is no reason to doubt the sincerity of those Ministers who have prophesied several years of office for themselves. The intention of the Cabinet is to sit tight and govern for as long as the Oppositions—a term, strangely enough, including the Liberal members who keep them in power—and their own extremists will let them. Wise men prophesy an election in the autumn. Other wise men elect for the spring and a “budget election.” They are also wise, perhaps, who refrain from prophecy. Labour will hardly seek a dissolution before it is convinced that it can add decisively to its strength in the country, or before it is compelled to do so.

The by-elections suggest some progress, but nothing to justify a considerable adventure. There is no sign yet of the Oppositions combining to overthrow the Government. It has managed to keep its own fiercer spirits, more and more restive under compromises, in check so far. Some of the back-benchers would prefer that the Government should don its Socialist colours and ride for a fall. The Government and the bulk of its supporters are satisfied that their rôle is to continue with measures tacitly adjusted to the swallowing power of Liberals and to prove themselves to the electorate as men of statesmanlike sobriety, competent in home administration and worthy of trust in Imperial and foreign affairs. This rôle, moreover, is not only well adapted to current exigencies, as Labour tacticians may appraise them, but also to the convictions of more than half the party. More Labour members have accepted the Socialist label than have absorbed the Socialist doctrine. They are not discontented with the programme as it is. They are ready to consider the future when it arrives in the best British spirit of opportunism.

Ireland apart, therefore, a question-mark continues to



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ride in the heavens over a condition of politics which everyone knows to be provisional and even precarious and of which no one can foretell the time and manner of its ending. Between the two opposing fires the Liberals have naturally the weakest tactical position. For a time after the elections they cherished the expectation that a Parliamentary defeat for Labour on some question of confidence would be followed not by a General Election but by a summons to Mr. Asquith to form a Government. That expectation is no longer seriously entertained. The Liberals are left, as they have been fond of asserting, with the powers of life and death over the Government. But these powers are not so formidable as they sound when it is remembered that they have equally little to gain from the exercise of either. The Liberal party therefore continues to vote for legislation which it criticises and for which it receives no credit. The Government, while careful in the preparation of policy not to overstep forbidden lines—it has accepted ten defeats in the Commons, none of them on crucial questions—accepts contemptuously the support which Liberals cannot withhold, though less contemptuously, perhaps, of late. Earlier in the session Mr. MacDonald and Mr. Lloyd George were wont to diversify the routine of voting in the same division lobby by exchanging acrimonious speeches in the country. The tone of their relationship, if no more cordial, is now less heated. Towards the adjournment for the summer holiday Labour, with the usual accumulation of business on its hands, thought well to stoop to the conveniences of consultation. But there has been no co-operation in any real sense. Nor, if Labour has its way, will there be.

It follows from what has been said that Liberalism has lost some ground in the country. At the same time the party holds together in Parliament. There is a marked distinction between Liberals who, on the most testing issues, vote with the Labour party and the minority who vote with the Conservatives or abstain. But there is no

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secession to left or right. Captain Guest, a former Liberal whip and one of those who think with Mr. Winston Churchill that nothing essential now divides the two older parties, has announced his intention of acting on that belief. But Captain Guest is too much identified with the late Coalition to be an influential example.

His gesture is not reciprocated by the Conservatives. They make no advances and reply to none. A considerable section of his party has been urging Mr. Baldwin to broaden his appeal in such a way as to rank behind him those right-wing Liberal voters without whom he has no hope of an independent majority. The more rigid practitioners of Conservatism, however, who were left in control of the party councils by the break-up of the Coalition, remain in control. In an important speech at Lowestoft on July 17 Mr. Baldwin was expected to make some move in the direction of those Liberals whom he described as disillusioned. But he was content to promise them a welcome if they faithfully adopted the Conservative creed and to encourage them, if they had accepted that creed, to come forward like men and say so. It hardly requires saying that the speech has not stirred the waters. Nor has the creed itself, represented in a somewhat dull publication recently issued and entitled *Looking Ahead*. On the whole Conservatives can point to no particular progress. In the by-elections they have gained two seats in three-cornered contests by minority votes. In Glasgow, where a more extreme form of Socialism has largely obliterated the boundary between Conservative and Liberal, and Conservatism is of a broader pattern than in the South, they have gained their one considerable success.

In general all parties alike continue to hold back from coalition. All are awaiting circumspectly the impact of some event or the pressure of some tendency to compel them to actions and associations which they decline to anticipate. This may prove to be nothing less than the

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weariness of the electorate after a protracted trial of the unfamiliar minority system. The only alternative to that system now in sight is coalition, or rather, fusion. The country's experience of coalition in one form is too recent, and its experience of minority government too brief as yet, to make an early change likely. But, despite Mr. Lloyd George's brave speeches and his insistence on Liberalism as a living and fighting force, it is impossible to resist one conclusion from the greatly reduced Liberal poll throughout the by-elections. The country is already expressing a tentative preference for dualism in so far as it has begun to eliminate the third party. How far that preference is likely to be carried and how far it is desirable that it should be carried are other questions.

It has been said and proved that England does not love coalitions. It has still to be proved that England loves minority government any better and that anything can ultimately satisfy British political instinct short of a restoration of the majority principle. The main disadvantage of the régime we now live under is its perpetual uncertainty. A more explicit indictment is that the Government, in the legislation it brings forward, does not profess to be applying its own principles. It can protest that it carries something less than the full responsibility for policy which a Government based on an independent majority would be willing to take and in any case forced to take. While, as a minority, it is debarred from legislation on frankly Socialist lines, its Socialist professions and the susceptibilities of the more ardent Labour believers narrow the outlet for action in the individualist sense. In home affairs, where the full release of economic enterprise—private or public, according to the point of view—is, by universal admission, imperative, the dilemma has had almost paralysing force for a time. Fortunately the development proposals which Mr. Snowden introduced before the House rose showed in practical terms a greater readiness to recognise that this is not yet a Socialist country and an

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attitude towards private enterprise rather better than neutral.

In Imperial and foreign affairs the minority system has worked to less disadvantage and may even be said to have displayed some advantage of its own. If we except preference, the Singapore base, and our relations with Russia, the Government is continuing the policy of its predecessors in these matters. Its lack of independent control over the House of Commons enables and requires it to follow the track of general agreement. When Mr. MacDonald is dealing with M. Herriot he speaks, as he must, the voice of Parliament and not of one party. Under these conditions British foreign policy has lost nothing of force and authority.

### II. THE RECORD OF THE MINISTRY

BESIDES the budget, discussed in the June number of *THE ROUND TABLE*,\* the Housing and Agriculture Acts are the only two first-class measures for which the Government is so far responsible. In partial fulfilment of Labour pledges there have been amendments to the Pensions and Insurance Acts extending the payment of social benefits. But housing and agriculture, as was to be expected, were the first concern of Labour legislators. The Government is hardly prepared to accept full responsibility for the Agriculture Act, a poorer thing than it intended and not altogether its own. Its own proposals contemplated the establishment of a system of District Wages Boards crowned by a Central Wages Board, sitting in London and endowed with over-riding powers. The House of Commons refused to agree to this centralisation of wage-control and deprived the Central Board of its proposed jurisdiction. The Government, while protesting that the heart had been

\* *THE ROUND TABLE*, No. 55, June, 1924, p. 540.

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cut out of the Bill, decided to continue with it. Liberal attempts in the Commons and in the Lords to introduce a specific weekly minimum wage of 30s. were resisted by the Government and defeated with Conservative help.

In the Housing Act the Government has had more of its own way though even less approval from Parliament. It is not easy for any politician to cast a vote which will later be described as a "vote against houses." In its subtler forms this argument has been freely employed by the Minister of Housing, Mr. John Wheatley, a "favourite son" of the Clyde, the most effective debater on the Labour front bench, and no mean connoisseur of electoral values.

What Mr. Wheatley has set out to do is to build more houses, and more houses at a rent which working-class tenants can afford to pay. For this purpose he first summoned a conference of the building industry and invited it to state what increase in output it could guarantee in return for the security of a fifteen-year building programme. The industry has pledged itself to a total of 2,500,000 houses in that number of years. Its peak of production—225,000 a year—is to be reached in the tenth year. It promises an adequate supply of materials and labour. Its depleted ranks are not to be recruited direct from the able-bodied unemployed—a course for which Conservatives and Liberals contend but which Labour has always resisted, and the builders declare to be unhelpful—but mainly by an increase of apprentices to the trade. If, on a triennial survey, it appears that the scheme is unduly costly or that two-thirds of the promised output is not forthcoming, the Act may be suspended. While the builders have this pledge of fifteen years' full employment, the Local Authorities, who will, as before, be responsible for the housing schemes, have also a pledge, which seems contradictory, that they are free to withdraw their co-operation if, for example, the financial burden grows too heavy.

The essential feature of the Wheatley scheme, however, is the subsidy to rents. His frame-work is the Chamber-

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lain Act passed last year. That Act provided for a housing contribution of £6 a year from the State for twenty years. The Local Authority had to find the rest. Mr. Wheatley makes the contribution £9\* from the State up to £4 10s. from Local Authorities, and the period forty years. Broadly speaking, then, Mr. Wheatley has taken the Chamberlain Act, added to the subsidy and applied the whole of the increase to the reduction of rent. The houses are to be erected to the same specification, but the tenant of a "Chamberlain" house will pay more than the tenant of a "Wheatley" house. If the plan works, the new liability for the State will not expire until 1980 and, in the peak years from 1940 to 1963, will amount to over £23,000,000 annually. For a genuine solution of the housing question this would not, perhaps, be an excessive price. Criticism is less directed to the cost than to the slenderness of the guarantees as to labour and materials on which the promised houses themselves depend. The strike in the building industry has given it point.

In the last stages of the housing controversy a good deal of interest has been aroused by Lord Weir's account to the House of Lords of a new method of house-construction with steel and timber which dispenses with the bricklayer and plasterer and with skilled labour in general. A suggestion from an industrialist of Lord Weir's reputation which promises a substantial contribution at relatively small cost simultaneously to the problems of housing and unemployment was not to be ignored. Mr. Wheatley has promised enquiry and announces that he will organise an exhibition of alternative methods of house-construction.

The Government has suffered the penalty of extravagant statements in opposition in the eagerness with which its lack of invention in face of the unemployment problem has been assailed. It had no policy, its critics could argue till recently, except to obliterate the traces of Mr. Baldwin's

\* In rural areas, £12 10s.

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fiscal policy. It had refused to prolong the McKenna tariffs, and though it had, as promised, left the preference resolutions of the Imperial Conference to a free decision of the Commons, the Cabinet's decision to vote against them had sealed their fate. In parenthesis it may be recalled that the majorities against the preferential remission of duty fell, even so, to single figures, a fact which indicates the internal divisions of Labour on the fiscal question and its lack of veneration for the ark of the Liberal covenant.

Since the earlier months Labour has improved on its own and its predecessors' record with certain legitimate, and that is to say necessary, plans of capital development, of which both employed and unemployed should reap the benefit. After long delays the Empire Wireless scheme is under way. As an undeserved reward for delay it starts with the advantage of Mr. Marconi's latest discovery, the system of beam transmission. Two airships for experiment in long-distance air travel are being built, one by the State and one by a private company. Mr. Snowden has announced other developments. The importance of the sugar-beet crop in rural industry is recognised by a subsidy. Still more important, the Government has begun enquiries with a view to the encouragement of the use and spread of electric power throughout Great Britain. In this Mr. Lloyd George has helped to make the pace. His report on the coal industry, with recommendations for the better organisation of the industry and for the scientific exploitation of our coal resources, whatever may be thought of its merits, was undoubtedly one of his timelier strokes of policy. It is a commonplace that our industrial future is bound up with the production of cheap power. Like most commonplaces, it has not been acted on to any significant extent. In this all-important respect our principal competitors have outstripped us. The Government has propounded a plan which can be more usefully examined when it takes legislative shape. Broadly, under co-ordi-



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nating powers to be conferred upon the Electricity Commissioners, private enterprise will be guided to the erection of super-power stations at points throughout the country convenient to the coal deposits. The State will intervene only so far as may be necessary to the orderly distribution of power or to supplement private enterprise where such tasks as the provision of main transmission lines are beyond its capacity.

The industrial outlook is unchanged and unpromising. A brilliant and busy season, which thronged England with visitors to Wembley and the Advertising and other Conventions—not to speak of Royal visits from Roumania, Italy and picturesque Abyssinia—brought together the lawyers of Britain, Canada and the United States, and culminated in the great review at Spithead, has supplied a cheerful surface and, perhaps, a moral tonic. But the figures of unemployment hover above the million and do not descend. The engineering and allied industries, in which the true index of national prosperity is to be found, have no prospects of improvement to report. Agriculture, however, takes some comfort at last from rising prices and the promise of a good harvest.

There have been two serious strikes. An unofficial strike by railway shopmen in June spread to some centres in the country and involved the London tubes. It was as much a revolt against the railway union as a strike, and collapsed after ten days in the absence of support from the trade union movement. In the building industry a simultaneous strike and lock-out have been in progress for six weeks. The cause of the dispute is that both sides of the industry at Liverpool have hitherto stood outside national agreements. The Liverpool employers have now rejoined the national organisation. The operatives, who would thereby accept a lower wage level, decline to follow. The employers' federation refuses in consequence to ratify the new national wages agreement. Either side charges the other with bad faith. Another strike for higher

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wages, which might bring industry to a stand-still, is threatened by the electricians. In the building and other disputes the Government has made free use of its power to appoint a Court of Enquiry, on the whole with good effect. It can claim that the number of days lost through strikes since it took office has been less than in the same period in the two preceding years.

## CANADA

### I. CURRENT POLITICS

THE third session of the fourteenth Canadian Parliament came to an end on July 19, and its termination finds all parties suffused with a certain sense of disillusionment. The Liberals now realise that the stimulus which the Budget, passed eventually by a record majority, gave to their fortunes has been only transitory in character, and that their general record of performance during the session has not improved their credit with the electorate. The Conservatives approached the session with high hopes that they would drive the Ministry into a succession of tight corners and probably compass its defeat in the House. On one or two occasions they have pressed the Government hard, but they were rarely able to drive their attacks home and did not once come within measurable distance of bringing down the Ministry. The Progressives, who profess a serene indifference to the perennial struggle for the spoils of office, found themselves at the end of the session, "by schisms rent asunder, by heresies distrest," temporarily incapacitated for coherent and effective action.

In some aspects this Progressive schism, which is the outcome of a long series of events and a deep-rooted cleavage of opinion within the party, is the most important development of the session. By a curious sport of fate the independent political movement, which sent to Ottawa in 1921 a group of 66 members styled Progressives, fell under the leadership of its most conservative elements; and

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their restraining hands, motivated by a fond tenderness for their ancestral party, the Liberals, prevented the new party from fulfilling its appointed rôle as an independent radical party of protest. A little judicious blackmail was levied upon the King Government at intervals, but in general the party was led to act as a sort of foreign legion of the Liberals. Such a policy was bound to have fatal results in the country, and it has alienated thousands of supporters of Conservative antecedents whose reversion to their original allegiance was a large factor in the defeat of the Progressive Government in Ontario. But the radical wing of the party also, who had chafed under the cautious leadership of Mr. Crerar, grew exasperated at the positive timidity of his successor, Mr. Forke, and in June twelve Progressive members, constituting the most able and vigorous element in the party, renounced their allegiance to their leader and withdrew to a separate tabernacle. The actual number of the insurgents is not imposing, but in co-operation with two Labourites and an Independent who all happen to be able parliamentarians they have already demonstrated their capacity for effective guerilla warfare against the Government. Since their insurgency is backed by influential organs of agrarian opinion and commands a large volume of Progressive support in the country, other members only require contact with their constituencies to gravitate to the new radical group. The expectation is that the followers who still give allegiance to Mr. Forke either will seize a convenient opportunity of donning the Liberal uniform, or will be defeated at nominating conventions by rivals who pledge their definite adherence to the insurgent group. The schism is extremely disconcerting to the Government and their allies among the Progressive leaders, for it upsets their projected strategy of fighting the Conservatives with two separate armies, the Liberals holding the East and the Progressives the prairie provinces, with an understanding that a Coalition Government would be organised after the

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next election as a barrier against a Conservative Ministry. But the prospect now is that the next election will send to Ottawa a Progressive group, diminished possibly in numbers but more radical in temper, greatly strengthened in debating power and general political capacity, and quite uninterested in the maintenance in office of Mr. King and his colleagues, if not predisposed to hostility to them. Before this insurgency developed an early restoration of the old bi-party alignment was freely predicted, but it must now be assigned to the more distant future ; and especially if the Conservative party gains seats at the expense of the Liberals, the Progressives may be an even more decisive factor in the next Parliament.

The most important legislative measure of the session was the Redistribution Bill which, in conformity with the established practice, was relegated to a special committee. For most of the provinces a satisfactory accord was reached without difficulty, but over the readjustments in Ontario there developed a bitter controversy, chiefly because certain Government supporters on the committee are said to have insisted on regarding the Bill as a providential instrument for salvaging the seats of the Liberal members in Ontario who expect to face rough seas at the next election. The earlier drafts of the new political map of Ontario which the Liberals propounded were quite unpalatable to both Conservatives and Progressives, and not only did they resort to tactics of obstruction and protest in the committee, but they threatened to keep the House indefinitely in session until the plan was drastically amended. Since the Government by its failure to secure passage for a large portion of the estimates had left in their hands a powerful weapon of obstruction, after some weeks of wrangling, suggestions of compromise received consideration. Eventually concessions were made which, while still leaving some striking anomalies, eliminated the worst injustices of the original plan. The Conservatives made vigorous protest against the retention of a huge disparity between the

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average size of the urban and rural units, arguing that the improvement of communications and the rise of a class-conscious agrarian party had obliterated the conditions which were the original reasons for the discrimination. It seems hard, indeed, to justify an arrangement which gives only 14 members, with an average population of 55,000 in each seat, to the four chief cities of Ontario and 68 members, each representing an average population of about 26,000, to the rest of the province. Apparently a bargain was struck between the Liberals and Conservatives whereby the latter acquiesced in this disparity in return for the abandonment of a Bill introducing the Alternative Vote. The Conservatives regarded this measure as very dangerous to their prospects, and their efforts to smother it were abetted by many French-Canadian Liberals who pine for the restoration of the two-party system. The main result of the Redistribution Bill is a loss of two seats by Nova Scotia, whose representatives pleaded piteously but in vain to an unsympathetic House for a statutory minimum quota of 16 members, and an increment of 16 seats for the West, changes which give further weight in Parliament to the more radical section of the Dominion.

But much greater popular interest was excited by the Bill which sought to give legal effect to the plan for a union of the Presbyterian, Methodist, and Congregational Churches. It had been consigned to the mercies of the Private Bills Committee, at the sittings of which a resolute minority of Presbyterian opponents of union staged a stubborn campaign of resistance. The presence of many French-Canadian Roman Catholics on this committee accounted for the intriguing spectacle of eminent French-Canadian counsel discoursing with great eloquence and erudition before it upon the fundamental tenets of the Presbyterian faith; and French-Canadian support, animated, it was charged, by fears of the emergence of a unified Protestant Church comparable in numbers to the

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Roman Catholic body, helped the "anti-unionists" to insert a delaying amendment which the "unionists" regarded as fatal to the Bill. But sundry dark hints about the raising of the religious issue at the next election were not without effect upon the leaders of French-Canadian Liberalism and, when the Bill came before the whole House, they assisted the "unionists" to mitigate the terms of the obnoxious amendment. This result was only achieved after a long and lively debate in which party lines were dissolved and temper occasionally ran high. All three party leaders were Presbyterians; though the Prime Minister studiously avoided an actual declaration of his views, he was clearly anxious to cling to his ancient religious lights and supported a proposal to delay the operation of the Bill until the Supreme Court had pronounced upon its legal and constitutional aspects; but the combination on the "unionist" side of Mr. Meighen, Mr. Forke, and eight Liberal Ministers sufficed to secure for the Bill a much larger majority than even its supporters hoped for. The Senate only inserted one minor amendment and the dissentient Presbyterians must now pin their hopes on the law courts, where they are continuing the struggle.

The national railways and their correlative problems furnished the material for several contentious debates, and the Conservative party deployed at intervals to critical assaults upon the administration of Sir Henry Thornton. A strange transaction whereby the Hotel Scribe in Paris was purchased as European headquarters for the Canadian National Railways aroused such general disquietude that the Government consented to the appointment of a special committee to investigate the financial and other administrative methods employed in the State system. Its report exonerated Sir H. Thornton and his officials from the charges laid at their door, but offered a variety of suggestions for the cure of obvious flaws in the existing system. Sir H. Thornton has made some mistakes since he assumed his present duties, but if he had done nothing but perform



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two services admittedly to his credit, the consolidation of the disjointed systems into a unified organisation and the creation of a real *esprit de corps* among the employees, he would deserve the fullest consideration and allowance. The tactics employed against him by some leading Conservative politicians, chiefly members of the Senate, have excited more reprobation than approval. The fundamental problem connected with the State railways is the reconciliation of immunity from political interference in the details of management with a measure of popular control over a vast public enterprise which makes huge annual demands upon the Federal Treasury. This year the Senate became the target for bitter criticism in the western provinces because it exercised its pruning-knife very vigorously upon the extensive programme of new branch lines proposed by the Canadian National Railways. Communities which expected to benefit by the deleted lines are sorely aggrieved, but in the eastern cities the Senate gets high commendation as an invaluable Cerberus of economy.

But the practice of governmental economy is an immensely difficult art in all new countries. No session ever began amid such a unanimous chorus from Press, public, and politicians of Canada that rigid economy was the country's most urgent need, and few sessions have ended in such an orgy of votes for new public works. Escorted by a viaduct for Toronto, a mammoth new bridge which will span the St. Lawrence across the harbour of Montreal glided past all the dragons of economy, and substantial largesse in the shape of harbour improvements, elevators, etc., was doled out for the placation of Vancouver, Quebec, and other importunate communities whose members might have combined to halt the bounty destined for Montreal and Toronto. It is true that most of these new obligations took the form of indirect guarantees, but these have an unhappy habit in Canada of coming home to roost; and among intelligent people there is some natural misgiving about the aggregate wisdom of a Parliament capable of

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sanctioning, in a single session, in face of falling revenues and dubious crop prospects, for a country whose basic economic handicap is the possession of physical equipment far in excess of the needs of its present population, fresh public works whose ultimate cost must exceed 100 million dollars.

The Home Bank disaster had a variety of parliamentary by-products during the session. It had made practically inevitable a system of governmental inspection of banks, and legislation for this purpose was passed without difficulty and with the approbation of leading bankers who had formerly resisted it. More radical reforms aiming at State control of currency and credit, strenuously advocated by a group of credit reformers, were thwarted by a combination of Liberals and Conservatives. Concerning the claims of the Home Bank depositors to compensation out of public funds, on the ground that their losses were due to the negligence of the Finance Department, the Banking Committee, concurring in the report of Chief Justice McKeown of New Brunswick, who had held a special inquiry into the disaster, reported that while the depositors had no legal rights of redress they had a strong claim on moral and equitable grounds. Quite unexpectedly the House of Commons gave this report unanimous endorsement without any debate, and although the Government has not yet committed itself, some degree of compassionate allowance is now regarded as inevitable. There was also an interesting political repercussion. A veteran Conservative member charged Mr. Murdock, the Minister of Labour, with using information obtained in his capacity as a Cabinet Minister to avert financial loss by the timely withdrawal of deposits from the Home Bank, thereby violating the honour of Parliament. Although the House of Commons after an acrimonious debate sustained the majority report of a committee exculpating the accused Minister, his future political utility has been seriously impaired and his accuser has resigned his seat to test the opinion of his constituents upon the verdict.

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There were some lively debates upon the problems of migration which have now a double facet in Canada. While many members pressed for an aggressive immigration propaganda to fill the gaps left by emigration to the United States, the small Labour group and the radical wing of the Progressives protested against any further expenditure of public funds for the allurements of people to a land which fails to give large numbers of its existing population an adequate livelihood. There was the usual crop of amending legislation, and the Government obtained sanction for some useful administrative reform, such as the transference of the collection of income taxes to the Department of Customs and Excise and the appointment of special tariff experts to the Department of Finance. Apart from the discussions on the Treaty of Lausanne, which are dealt with elsewhere, and some cursory exchanges about the Halibut Treaty and Oriental immigration, Imperial and international problems were sedulously sidetracked. It is very surprising that, first, the Premier did not offer Parliament any account of his stewardship at the last Imperial Conference, and that, secondly, Parliament did not demand it.

The session ended with a dramatic declaration of war upon the Senate by the Prime Minister, the immediate *casus belli* being the Upper House's insistence upon severe amendments to a new Pensions measure. Declaring that this interference was the crown of a long series of offences against the rights of the popular chamber, Mr. King announced that the Government would during the recess carefully explore the problem of curbing the Senate's irresponsible tyranny, and hinted that the methods of the Asquith Government in dealing with the House of Lords would probably be imitated. Difficult indeed is a reasoned defence of the existing Senate, especially of the principle of nomination for life by the Government of the day, which is its source of recruitment. Not only is there a large volume of prejudice against it among supporters of the Liberal and Progressive parties, but even Conservative

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papers like the London (Ontario) *Free Press* and the Winnipeg *Tribune* admit the need for its reformation. Inasmuch, however, as one of the prime movers in the amendments to the Pensions Bill which aroused the Premier's wrath was Senator Dandurand, the Government leader in the Upper House, the ground for battle was not chosen with consummate skill. Moreover, the problem bristles with difficulties. Confederation in Canada was a pact between a group of separate Colonies, which was transmuted into a constitution by a statute of the British Parliament. The structure of the Senate was planned of set purpose to allay the fears of anxious minorities and erect for them bulwarks against any tyrannical domination by elements numerically more powerful. Ontario through the mouth of its Attorney-General has already served notice that her consent and co-operation must be secured for Senatorial reform; and Quebec and the maritime provinces, for whose special protection the Senate was given its present form, will view the project with scant enthusiasm. Older observers of Parliament, too, recall at the close of bygone sessions similar ringing challenges to the Senate by Sir Wilfrid Laurier and Sir Robert Borden, and point out that the Senate survived those threats chiefly because its position was impregnable through the complication of provincial rights.

In some quarters Mr. King's declaration of war is interpreted as presaging an appeal to the electorate this autumn, and it is an open secret that the electioneering strategists of the Liberal party believe that the chances of a successful verdict will never again be so propitious. To-day the Progressive party is disorganised by its internal fissure and seriously discredited in Ontario, and the Conservatives are not prepared for an election; it would still be possible to extract some political capital out of the Budget; and the Senate's mutilation of the Canadian National Railways branch-line programme could be saddled upon the Conservative party in many western constituencies. Meanwhile the

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Federal revenues are showing an ominous downward curve, and, unless the rate of decrease, which for the first quarter has been double the estimate allowed for by the Finance Department, is checked, the result must either be a Budget imposing fresh taxation or a deficit seriously impairing the national credit. Neither outcome is likely to improve the Ministry's electoral prospects. Furthermore, the Budget of 1925 will present other perplexing difficulties. The prairie provinces, exasperated by a poor crop and failure to secure relief from their debt burdens, will be more exigent than ever in their demands for tariff reductions; and on the other hand many Quebec Liberals during the Budget debate bluntly intimated that they would countenance no more sacrifice of Eastern industrial interest for the satiation of the voracious free trade appetite of the West. Such considerations would seem to counsel an early election; but the Prime Minister is known to be personally averse to any such venture until the appointed term of Parliament is nearer expiration, and the unfortunate failure of the western wheat crop to realise expectations will create a bad electioneering temperature this autumn, and give him a valid argument for delay. But at least four by-elections are impending, and as neither Mr. Fielding, the Finance Minister, nor Mr. Murphy, the Postmaster-General, is expected to resume his duties, and some process of Cabinet reorganisation is inevitable, there will be ample opportunity of testing the sentiment of the country before Parliament reassembles. But even a few more by-election defeats might not drive the Government to the country; for the law of inertia has a habit of prevailing, and no more enduring foundation for Ministerial immunity from defeat has ever been invented than the generous \$4,000 indemnity now paid by the Canadian people to their parliamentarians.

## Lausanne and its Aftermath

### II. LAUSANNE AND ITS AFTERMATH

THE communications which passed between the British and Canadian Governments respecting the negotiation, signature, and ratification of the Treaty of Lausanne have been published in Canada, and the House of Commons and country have heard the views of the party leaders upon the action of the Canadian Government. The inferences to be drawn from this action depend chiefly on these communications and views, so a résumé of them is an essential preliminary to any comment.

On October 27, 1922, the British Government informed the Canadian Government that

Yesterday invitations were sent by the Governments of Great Britain, France and Italy to the Japanese, Roumanian, Yugoslav, Greek and Turkish Governments (both of Constantinople and Angora) to send representatives to Lausanne, November 13, to conclude Treaty to end War in the East which will replace Treaty of Sévres. . . . According to arrangements agreed upon with French and Italian Governments each Government would be represented at Lausanne by two plenipotentiaries. Secretary of State for Foreign Affairs will personally act as chief British plenipotentiary and it is proposed he should be accompanied by the British High Commissioner at Constantinople. Dominion Governments will be kept informed from time to time on the general lines of policy on which British plenipotentiaries propose to proceed and of course of negotiations and in case of other Treaties arising out of the peace will of course be invited to sign new Treaty and any separate instrument regulating the status of the Straits. His Majesty's Government trusts that this procedure will be in accordance with the wishes of your Government. Plenipotentiaries are fully acquainted with the Imperial aspect of the problem and with the keen interest taken by the Dominion Governments in its solution.

On October 31, 1922, the Canadian Government replied :—

Our Government has no exception to take to the course pursued by His Majesty's Government with respect to the conclusion of a

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treaty to end the war in the Near East. As, however, it is proposed to keep our Government informed from time to time of the general lines of policy on which British plenipotentiaries propose to proceed, and of the course of negotiations, and to invite us to sign a new treaty and any separate instrument regulating the status of the Straits, we deem it advisable to avail ourselves of the earliest opportunity to inform His Majesty's Government that in our opinion the extent to which Canada may be held to be bound by the proceedings of the Conference or by the provisions of any treaty or other instrument arising out of the same, is necessarily a matter for the Parliament of Canada to decide and that the rights and powers of our Parliament in these particulars must not be held to be affected by implication or otherwise in virtue of the information with which our Government may be supplied.

Subsequent communications added little to clarify the meaning of this statement of the Canadian Government, though a suggestion from the British Government that signature and ratification should follow the precedents of Versailles and Washington brought from the Canadian Government a statement of their inapplicability, since Canada had not been separately represented at Lausanne, and representatives appointed on the recommendation of the Canadian Ministry had not signed the Treaty. There is, however, a striking statement in an explanatory communication of the Canadian Government on December 31, 1922 :—

In the case of the main political treaties concluded since the War, in general the rule seems to have been followed that, wherever the Dominions could be said to have a direct or immediate interest, the procedure was shaped to include their participation in, and signature of, the proceedings. *That in the case of the Conference at Lausanne a like procedure has not been followed with respect to representation and participation by Canada, has been regarded by us as evidence that in the opinion of the countries by whom the invitations to the Conference at Lausanne were extended, Canada could not have been believed to have the direct and immediate interest which she was supposed to have in the Conferences at Versailles and Washington.*

Requests of the British Government on February 22 and March 21, 1924, for the Canadian Government's con-



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currence in His Majesty's ratification of the Treaty, brought from the Canadian Government on March 24, 1924, this reply :—

The Government of Canada not having been invited to send a representative to the Lausanne Conference and not having participated in the proceedings of the Conference, either directly or indirectly, and not being for this reason a signatory to the Treaty on behalf of Canada . . . my Ministers do not feel that they are in a position to recommend to Parliament the approval of the peace Treaty with Turkey and the Conventions thereto. Without the approval of Parliament they feel they are not warranted in signifying concurrence in ratification of the Treaty and Conventions. With respect to ratification, however, they will not take exception to such course as His Majesty's Government may deem it advisable to recommend.

Turning now to statements made in the Canadian House of Commons on April 2, 1924, before the foregoing communications had been published, the Prime Minister, Mr. King, in outlining these communications chronologically, said that the Canadian Government had replied to the requests of the British Government for concurrence in His Majesty's ratification

that as Canada had not been invited to send a representative to the Lausanne Conference and had not participated in the proceedings there, either directly or indirectly, and for this reason was not a signatory of the Treaty, our Government did not feel that it was in a position to recommend to Parliament the approval of the peace Treaty with Turkey and the Conventions thereto, and that without the approval of Parliament we did not feel that we were warranted in signifying concurrence.

On June 9, 1924, the Treaty was debated in the Canadian House of Commons—or, rather, the procedure of negotiation and signature, and the resulting obligations were debated; for except for Mr. Meighen's objection (hereafter to be mentioned) to the Britannic Commonwealth involving itself in a guarantee of any European territorial settlement, the terms of the Treaty were ignored. For

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the first time it was publicly stated that the British Government had confidentially given to the Canadian Government reasons why individual representation of the Dominions at Lausanne had not been arranged.

The crux of the debate was Mr. King's epitome of the position of the Canadian Government respecting ratification of the Treaty, the point of which is now italicized :—

In the presence of the Prime Ministers of the other Dominions and the members of the British Government (at the Imperial Conference) I made it clear that because we were not represented, and because we had no part in the Conference, this Government did not feel that it could bring into the House a treaty negotiated as this Treaty had been negotiated, and expect to have the approval of Parliament of the obligations it carried with it. I made that clear, but I also made clear that we did not intend to embarrass the British Government in the matter when it came to the final ratification of the Treaty, and that whatever position the British Government might wish to take with regard to it, we would raise no objection. In other words, *if the British Government recommended the ratification of the Treaty, so far as Canada was concerned, we were quite prepared that ratification should bind us. We never raised the question as to Canada not being bound by ratification.*

But in the circumstances of the negotiation and signature of this Treaty he distinguished the effect of such concurrence :—

There is a distinction to be drawn between the purely legal and technical position in which this Dominion may be placed and the moral obligations which arise under treaties depending upon the manner in which such treaties are entered into, upon the parties who are present, and the representative capacities in which they acted while negotiations were proceeding. Legally and technically Canada will be bound by the ratification of this Treaty ; in other words, speaking internationally, the whole British Empire in relation to the rest of the world will stand as one when this Treaty is ratified. But as respects the obligations arising out of the Treaty itself, speaking now of inter-Imperial obligations, this Parliament, if regard is to be had to the representations which from the outset we have made to the British Government, will in no way be bound by any obligation beyond that which Parliament of its own volition recognises as arising out of the situation.

## Lausanne and its Aftermath

We have not in the past, we do not now hold the view that Canada as a part of the British Empire will not be legally bound by this Treaty when it is ratified, but we do say that the moral obligation resting upon this Parliament and country under this Treaty, when it is ratified, will be vastly different to the moral obligation which is imposed upon the country under the Treaty of Versailles, having regard to the different manner in which the whole negotiations were carried on.

With these extracts set forth some comment may be attempted. First a misconception, which Mr. Meighen noticed, but to which the debate added currency, may be cleared away. Versailles and Washington have been generally cited, and were appealed to by the Canadian Government, as having initiated and fixed a right of the Dominions to representation at international conferences. In a sense this is true; but such a right does not depend on invitation. For neither to Versailles nor to Washington were the Dominions invited by the Powers convening the Conferences held there—France in the one case, the United States in the other. In both cases invitations were addressed by the convening powers to the British Government on behalf of the Britannic Commonwealth. The method of Dominion representation was a matter of internal economy for the Commonwealth itself; though the number of plenipotentiaries who expressed the views of the British Empire Delegation was on occasion a matter for arrangement with the other Powers represented at the Conference. For certain purposes the Delegation was a panel from which the agreed number of plenipotentiaries was drawn; for others—full sessions of the Conference—the Delegation appeared *en masse*. The political circumstances in Britain when the communication of October 27, 1922, was despatched may be worth noting: the coalition Government had fallen, but Lord Curzon was still in charge, and practically in command, of foreign affairs. It should also be noted that, though the communication of October 27, 1922, states that "each Government would be represented at Lausanne by two plenipotentiaries," it does not

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necessarily follow that these need have been always the same two ; and, though the concluding sentence of the despatch gives no encouragement to the formation of a British Empire Delegation on which the Dominions might have been individually represented, the creation of such a panel, from which the two plenipotentiaries might have been drawn, is not expressly excluded.

Respecting the arrangements for representation of the Commonwealth at Lausanne, and the terms of this communication of October 27, 1922, to the Dominions, plain speaking is necessary. Somebody—Lord Curzon certainly, and perhaps somebody else—blundered. The action of Mr. King and his colleagues, however, seems to have lacked foresight in view of the stand assumed later on. The British Government, when acting as the organ of the whole Commonwealth in foreign affairs, must not act and inform the Dominions, but consult the Dominions and act—in that order of events. The Dominions must be confronted with no *fait accompli*. This is true at all times ; and in October, 1922, especially, care was required since the alarms raised by the Chanak incident of a few weeks before had not died down. Reasons have been given above for believing that the British Government's communication of October 27, 1922, need not, as respects representation of the Dominions at Lausanne, have been treated by the Dominions as a *fait accompli* : but Mr. King had "no exception to take to the course pursued." As has been said, confidential reasons why representation of the Dominions at Lausanne was not pressed by the British Government were given to the Canadian Government. Did Lord Curzon in the preliminary discussion of the Lausanne Conference hear for the first time the preposterous French suggestion that representation of the Dominions would involve the representation of Algeria, Tunisia and Senegal ? Mr. Bourrassa is not much of a believer in Imperial co-operation, but he does not timidly acquiesce in this demand : he says that "M. Poincaré.

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puts . . . the eldest sons of old France on the same footing as the Algerians, the Tunisians, the Senegalese, and the other adopted children of many stripes of the France of to-day," and that "the idea of comparing the present status of the Britannic Dominions to that of the French colonies is so farcical that it ceases to be insulting," and though he expresses no regret that Canada was not represented at Lausanne, he says that Canadians have been treated as "the white niggers of the Empire." And if his Lordship's reading of history ignores the developments of the past ten years, others who envisage a real co-operative partnership in the Commonwealth's rights and responsibilities refuse to share his interpretation.

But Canada's chief concern is with the responsible Government of Mr. King. If it is not disingenuous, what, for a protagonist of autonomy, could be stranger than the autonomous abdication of December 31, 1922, quoted above? Has Canada no "direct and immediate interest" in a peace settlement, even if she may be only legally bound to support it? And is "the opinion of the countries by whom the invitations to the Conference at Lausanne were extended" to be accepted instead of the opinion of her own responsible Government, when the question to be decided involves the terms on which she shall join in making peace with an enemy? "Canada could not have been believed to have the direct and immediate interest which she was supposed to have in the Conferences at Versailles and Washington" had she relied only on "the opinion of the countries by whom the invitations to the Conferences (at those places) were extended." "The direct and immediate interest which she was supposed to have" in "the preservation of the halibut fishery of the Northern Pacific Ocean" or in "the suppression of smuggling operations along the international boundary between the Dominion of Canada and the United States, and assisting in the arrest and prosecution of persons violating the narcotic laws of either Government,

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and for kindred purposes," "Canada could not have been believed to have," had not her own responsible Government so assured her. As responsible government, this will never do.

THE ROUND TABLE circulates in areas remote from the Canadian political scene; and to those not intimately acquainted with the sources and divergent tendencies of Canadian political thought, and with the exigencies of party allegiance and recruitment, the communications of the Canadian Government and the expressions of its leader may do little to dispel the mystery about Canada's attitude to the Treaty of Lausanne. It is true that to find any basis of principle is hard. Mr. King's difficulties seem to arise from an attempt to conciliate groups of supporters whose views are divergent—an attempt which necessarily prevented the adoption of a clear-cut policy. Mr. Meighen expressed more definite loyalties and desires: though his critics may think that his emphatic denunciation of what he called the Government's return to a position of colonial subjection arose from some desire to gain support which his opponent is anxious not to lose. He was, however, the only participant in the debate who definitely objected to the policy and terms, rather than to the procedure, of the Treaty, and he ranged himself definitely in support of the ideas discussed in the last two numbers of THE ROUND TABLE,\* that the Britannic Commonwealth should be regarded as a world, rather than as a European, Power, and that it should guarantee a European settlement. This is a policy which probably appeals to the great majority of Canadians, whether they support or oppose him. They regard any other as definitely opposed to traditional British practice, as well as to the peaceful auguries of to-day. Their views are not necessarily dictated by the attitude of the United States, but they regard the co-operation of the American and Britannic Commonwealths as more

\* THE ROUND TABLE, No. 54, March, 1924, p. 285, and No. 55, June, 1924, pp. 518 and 519.

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likely to secure the peace of the world than European territorial guarantees, and they contemplate unwillingly the possibility of being involved in a struggle of unlimited liability because a partner in their Commonwealth is committed to maintain the territorial pattern of one continent.

But the mist surrounding the consequences of Lausanne did not persist long. The inter-allied Conference now meeting in London was summoned, and a preliminary conference of delegates of Britain and the Dominions was called to arrange for representation at the Conference proper. Mr. Ramsay MacDonald asked if Canada would be represented at this preliminary conference, and Mr. King replied that she would be pleased to be represented. His statement to the Canadian House of Commons is as follows :—

In order that there might be no mistake in our position in the matter of our representation we intimated immediately that, in our opinion, representation, according to the terms of the resolution passed at the last Imperial Conference, should follow the precedent set at Versailles and Washington, whereby each Dominion would be separately represented by its delegates, bearing full powers from his Majesty to act, as respects the Dominion, in the name of his Majesty. In reply to that communication an intimation was given by the British Prime Minister that he was unable to say whether he could place the same interpretation upon the application of the resolution of the Imperial Conference as we placed upon it. It was, however, suggested that the representatives should meet and confer and the question of representation be decided as the result of the conference.

At the preliminary conference . . . it was intimated that it would not be possible for more than three representatives of the British Empire to be present at the Inter-allied Conference, and the despatch rather suggested that the three in question would necessarily be members of his Majesty's Government. We intimated that this would not be satisfactory to the Dominion ; that, in our opinion, this Parliament would expect that the precedents set at Versailles and Washington should be followed and that our Government would expect that a Canadian representative with full powers from his Majesty in respect of Canada should represent this country as a member of the British Empire delegation. *We drew attention*



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*to the fact that the internal organisation of the British Empire delegation was a matter, in our opinion, for the British Empire itself to decide ; that any objection from other nations as to the manner in which representation was arranged within the Empire was something that was none of their affair. . . .* My opinion is that there will probably be no difficulty in arranging for Canada's representation in the manner I have described.\*

This is good. It would have been equally good if it had been said on October 27, 1922. And, if it is consistently adhered to for the future, a genuine practice of Imperial co-operation will grow up, and Lausanne may be remembered only for warning.

Canada. July 25, 1924.

\* The passages in small type throughout are taken from the Canadian Hansard. The italics are our own.

## AUSTRALIA

### I. AUSTRALIAN FISCAL POLICY

THE settled fiscal policy of Australia, generally accepted by all political parties, is protection. The last great increase in import duties occurred in 1920, when a "three-decker" tariff of a familiar type was passed providing for a British, an intermediate and a general list of duties on a scale ascending in the order named.

Since then the administration of the tariff has been altered on some important details. The Tariff Board Act of 1921 provided for a Board whose general function was to enquire into and report upon fiscal matters for the guidance of the Minister for Trade and Customs. The Customs Tariff Act of 1921 provided for certain "deferred duties" which were to become operative at various dates, unless the Tariff Board were to certify to the Minister that the goods upon which the deferred duty was imposed could not be produced in Australia by those dates. Apart from matters which may be referred to it by the Minister, such as the necessity for new, increased, or decreased duties, and the deferring of existing or proposed duties, the Board has general powers to investigate on its own initiative the general economic and fiscal effects of the tariff. In the same year advantage was taken of this new machinery to provide by legislation for special "anti-dumping duties" to come into operation at the discretion of the Minister for Customs if, after inquiry and report by the Tariff Board, he is satisfied that the "dumping"

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would be a detriment to Australian industry. Several kinds of "dumping" were provided against by means of appropriate duties, notably imports from countries whose currencies had depreciated, though this part of the Act had to be amended in the following year to meet the case of the slump in the mark. Last year the Tariff Board Act, which originally had been intended to last for two years, was extended for another year.

The work of the Tariff Board has been to advise as to the admission of goods under departmental by-laws, to recommend the imposition or withholding of deferred duties on goods as varied as portland cement from Norway, cotton shoe-laces from Germany, maize from South Africa, silk stockings from the United States of America, and wire-netting from Great Britain. In the great majority of cases, however, the duties have been applied to goods from countries with depreciated currencies, and every one concerned both in the legislation and its administration has taken for granted without any proof at all that the mere fact of depreciation of itself gives an advantage to exporters from that country over exporters from other countries. It will be seen that the Federal Parliament has allowed considerable discretion to the Minister for Customs, and there have been frequent complaints of the danger of this course because of the element of uncertainty which it introduces into business life.

It may be advisable to indicate what are the aims and objects of Australian fiscal policy. The chief economic and political aim seems to be the all-round, "well-balanced" commercial and industrial development of the country. This is often expanded into the ideal of a self-sufficient or self-supporting community providing within its own borders for the needs of its members, and therefore in time of war in a stronger position than if it were dependent on external sources of supply. Again, one very strong factor in making protection acceptable is the widespread and firmly held belief that it is the only way in which

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to achieve the aim of preserving for Australia the comparatively high standard of life secured for the average man. To these ends the policy of import duties is expected to lead, especially when imposed upon manufactured goods to encourage the growth of Australian industry. That there may be serious economic loss in such a policy is rarely admitted and, indeed, hardly ever considered. The consumer's interests are either ignored or if considered at all are thought to be sufficiently safeguarded because any loss is certainly outweighed by political, naval and military considerations. It is easy to see that the people engaged in protected industries realise the benefits of the policy, but it is not so easy to see how those engaged in agricultural and pastoral industries have been brought to realise the blessings of protection. They appear, however, to have been satisfied with the argument that protection means for them a home market, "the most valuable of all markets," and that any difficulty which may incidentally arise from the higher prices which they have to pay for all or most of the goods which they use is the price they pay for this advantage, while they will be further benefited by attempts to secure for them a market abroad for their surplus products. Lately, however, farmers and graziers seem to be more uneasy under the burden of a heavy tariff. Mr. Bruce recently said that there were no free-traders in Australia. Though this is mere rhetorical exaggeration, it is undoubtedly true that no important group in the community stands for free trade. In part this is due to the fact that those who otherwise might have advocated free trade have been reluctant to introduce another cross-division into politics. The farmers and pastoralists who stand behind the Country party might be expected through their representatives to express rather different fiscal views from the official policy, but until recently their protests have been few. The Labour party which at one time contained many avowed free-traders is now, outwardly at least, as protectionist as any other party. The Press is in

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the main protectionist in expressed opinion, and two of the most influential dailies, the *Sydney Morning Herald* and the Melbourne *Argus*, while still free-trade in principle, some time ago regretfully "sank the fiscal issue," though the latter paper has recently attempted to resuscitate it.

Preference to British goods, introduced in 1906 and extended in 1920, is a concession to sentiment, which, however, is not allowed to interfere with business, for Australian legislators have not hesitated to impose a duty on British goods whenever there was even a possibility of starting an industry in Australia. It is only where this possibility is remote that British goods are admitted free. The policy of preference, then, is to impose duties high enough to "protect" Australian industries against the competition of British goods, and to raise duties still higher on goods from other countries. Coupled with this is the hope that reciprocal arrangements might be made with Britain which, by facilitating the marketing of Australian products, especially fruit, would go far to solve the problem of immigration. There is, again, no doubt that this policy commands the wholehearted support of the majority of people in Australia, although few may have considered what kind of advantage was being sought from Britain, what effect it was likely to have upon her fiscal policy, or who would bear the burden of reciprocal Imperial preference.

One last point of great practical importance is that the Australian tariff has the double aspect of protection and revenue. There may be some inconsistency in attempting to pursue both aims simultaneously, but the practical necessity of avoiding recourse to heavier direct taxation has been a dominant feature of tariff policy, as may be seen from the fact that about 40 per cent. of the tax revenue of the Commonwealth is raised in this way.

When Mr. Bruce left to attend the Imperial Conferences, he had behind him in his proposed advocacy of reciprocal preferential trade the fairly unanimous public opinion of

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Australia. At the Economic Conference he not only accepted gratefully the offers of preference made by the Baldwin Government, but he raised in no uncertain way the larger issue of a general protective tariff for British agriculturists with adequate preference for the Dominions. He made no secret of the fact that he would prefer this solution above all others and of his belief that it would achieve all the objectives which he had in mind. Indeed, although almost all the Dominion representatives strongly protested that they neither intended nor desired to attack the existing British fiscal policy, it seems clear that they considered that no solution of Imperial economic problems could be satisfactory without a great change in that policy. In discussing the general problem of Imperial trade and markets, Mr. Bruce said: "There is no real difficulty in the solution of this problem if it can once be established that you can give a certainty, or a reasonable certainty, to the Dominions of this market for their primary products without increasing the cost to the consumer in Great Britain." The trouble exactly lies in establishing this, and those who think it can be done easily are stronger in faith than in knowledge.

In the narrower issue of existing and proposed preferences granted by Britain to Australia, and by Australia to Britain, Mr. Bruce was not very convincing. In the same speech in which he strongly urged the necessity of Government action of a fiscal nature, he emphasised his own creed: "I believe in the law of supply and demand, no Government interference, no sort of control. I believe in letting trade and industry flow in its own channel." His attempt to calculate the cash value of the preference which the Australian tariff gives to British manufacturers was not very successful. The £7,600,000 at which he estimated it for 1922-3 is obviously a measure of the gain to the Australian consumer, though the existence of a preference may be a benefit to British manufacturers. To suggest, as he did, that part of this sum could be "returned

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by the British Government in the form of subsidies" merely obscures this fact by making it appear as a gain to the British Government. His argument did not go unchallenged from another point of view, for at the Economic Conference, Mr. Burton of South Africa said: "Calculations of that sort are apt to be very illusory because . . . the actual benefit to the British producer is very little for the simple reason that whether preference were there or were not, he would probably have the business in any case."

Mr. Bruce welcomed, as indeed did the Australian public, the offer of further preferences made by the British Government. The emphasis which he constantly laid on the connection between settlement in the Murray valley, for example, and the preferential marketing of fruit products in Britain ensured this. He accepted what was offered as an indication that Britain at last understood what reciprocity meant, and at the same time, fully realising that a country with a revenue tariff cannot give much preference, he asked for more.

Mr. Bruce arrived in Australia in March of this year expressing his confidence, despite political changes, that the British Parliament would accept at least those proposals for preference which involved no increase in existing duties. As soon as possible after his arrival his Government placed before the re-assembled Parliament three resolutions moved in the House of Representatives by the Prime Minister, and intended to give general approval to the conclusions both of the Imperial Conference in regard to foreign relations, treaties and defence, and of the Imperial Economic Conference in regard to Imperial preference and an Imperial Economic Committee. A great part of his speech was concerned with defence and the Singapore base. He pointed out once more that the recommendations of the Conferences were not binding on any part of the Empire until they had received the sanction of its Parliament. After reiterating the policy of protection and preference for Australia he indicated his belief that



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the British Parliament would grant substantial preferences. The leader of the Opposition, Mr. Charlton, unexpectedly caused some confusion during the debate by refusing to discuss the resolutions on the general ground that the Prime Minister's visit and the Conference had been failures. None of the Labour party spoke, but the debate continued, and although it naturally centred largely around the question of defence, it served to show the general strength of the feeling of Parliament in favour of protection and of reciprocal Imperial preference. After the debate was over Mr. Charlton admitted that had the three resolutions been taken separately the Labour party would have voted for the third resolution on Imperial preference.

At the official opening of the Royal Agricultural Society at Sydney in April, Mr. Bruce outlined his Government's fiscal policy and announced some new proposals. He re-asserted his belief in a general policy of protection which he rightly said was endorsed by an overwhelming body of opinion in Australia, though the fact that at the same time he announced his willingness to fight for the policy appears to indicate some doubt in his own mind whether opinion might not change. He claimed that protection had been afforded both to primary and to secondary industries because the growth of secondary industries encouraged by the tariff had built up a "home market." The objective of the Government was to secure further markets for Australian products, and this was to be done by adhering to a protective tariff to encourage secondary industries and by using some of the tariff revenue to assist primary producers to secure overseas markets. He announced that to this end it was proposed to devote some of the existing budget surplus, and he promised a definite appropriation to this purpose of part of the Customs revenue for 1924-5. This money is to be used in facilitating transport by freight subsidies and co-operation between States and Commonwealth to reduce freights and

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shipping charges, in finding new markets, providing efficient marketing, and in advertisement. Mr. Bruce holds that one great advantage of a protective tariff is that it produces a great deal of revenue, and his Government has decided to share some of this advantage with the primary producer. Considerable criticism of this policy has been aroused amongst primary producers and others. On the one hand, it savours too much of an attempt to purchase political goodwill. On the other hand, even those who would benefit by the policy prefer that the advantage of a revenue surplus should take the form of reduced direct taxation.

At the same time Mr. Bruce announced that his Government is determined "that it will do nothing to undermine the initiative, enterprise and self-reliance of our people." The Federal Government will only assist those industries which make themselves efficient. "It is clearly unfair," the Prime Minister said, "to saddle an efficient Australian primary industry, or secondary industry, with the cost of maintaining an inefficient and uneconomic one." The Government "is determined not to handicap other industries and increase the cost of living to the people in Australia by fostering and protecting inefficient industries." How these wholly admirable sentiments work out in practice may be seen from some recent instances.

In April, a deputation of representatives of the meat industry waited on the Prime Minister to ask that the Government would renew the export bounty upon meat granted a year before. It was pointed out to them that it was their duty first to find markets, and that they would receive Government assistance, provided that in the meantime they had materially improved their organisation.

In March, the Federal Government accepted a local tender for fourteen locomotives for the Port Augusta-Oodnadatta railway line, despite the fact that the local tender was for £136,000 and the lowest British tender even allowing for duty was £35,000 less. The Prime Minister

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defended this decision on the grounds first, that industrial depression in Great Britain was responsible for the lowness of some of the tenders of British firms and next, that it was necessary to give the contract to a local firm in order to give the local industry a chance to become efficient. This shows clearly what price Australia is willing to pay for the encouragement of her local industries.

Wire-netting manufactured in Great Britain is normally admitted free into Australia, but in April the anti-dumping duties were applied. The ground of the decision, according to the Minister for Customs, was that the netting was being sold cheaper in Australia than in England, and that the duty merely adjusted this difference. The Act provides that if after inquiry and report by the Tariff Board the Minister is satisfied that such a case exists he "may publish a notice in the Gazette" to this effect, and the anti-dumping duty then becomes operative. Speaking in the House of Representatives the Minister said that "although the word 'may' is used, it practically means 'shall,' so that he had no option but to impose the duty." Against this decision there were some fairly strong protests both in Parliament and in the Press. Representatives of pastoral interests naturally objected to the duty because wire-netting is extensively used by pastoralists in protecting their properties against rabbits. This is an instance of the obvious clash between the policy of protection and the interests of primary producers. Country members appear to favour bounties as a method of encouraging the local manufacture of wire-netting rather than anti-dumping duties.

When the proposals of the British Budget became known in Australia it was realised that, while existing preferences were not to be abolished, the British Government reserved full liberty to propose to Parliament the reduction or abolition of duties on commodities to which preference was applied. At the same time it was proposed that the preference on dried fruits should, by a reduction in duty, be automatically reduced from 1s. 6d. per cwt. to 7d. The

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promise was made also that the resolutions of the Economic Conference should be placed before the House of Commons for free and full discussion. Australians were keenly disappointed, especially the fruit growers, but all realised that the British Government had only exercised a right which every Dominion Government claimed. None the less, the disappointment drew from Mr. Bruce a statement which has by no means been endorsed by the Press or by his supporters. He said :

If we could not extend our trade with Britain we would have to go elsewhere. . . Australia was faced with the decision as to whether she should wait any longer for a response from the Motherland or whether she should go out and offer her goods to other countries which were prepared to take them.

This suggests that there are opportunities of preferences in foreign countries which Australia might take on terms which would give an advantage to these countries at the expense of Great Britain. It is not the first time that the Prime Minister has used similar language, but he is unlikely to be widely supported in this attitude.

At the time of writing we are still awaiting the free and full discussion of the proposals of the Economic Conference, but in view of the reception given in the House of Commons to the Budget, and of the fate of the McKenna duties, the most ardent protectionist in Australia would be rash to feel any confidence that the British Parliament will give a general endorsement to the policy of Imperial preference.

## II. AUSTRALIAN NAVAL DEFENCE

**I**N Australia, as in some of the other countries which participated in the world conflict, public interest in naval and military matters has been languid since 1918. The visit of Lord Jellicoe in 1919 at the request of the Government excited some attention, but his admirable report did

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not result in any change of policy. Heartily sick of war and acutely conscious of the financial obligations to be honoured by the Commonwealth, the electorate favoured a minimum expenditure on the several arms of the service. The decisions of the Washington Conference of 1921 were received with profound satisfaction and faithfully observed. All warship building and naval base construction was suspended; the personnel of the fleet and the ships in commission were reduced; the *Australia* was dismantled and sunk. Within the last few months, however, as the result of the decision of the Imperial Government not to proceed with the construction of the naval base at Singapore, the visit of the Special Service Squadron, and the speeches delivered by the Prime Minister since his return from the Imperial Conference, the naval defence of Australia has again become the subject of public concern.

The spirit of party politics is so active that any statement of policy by the leader of one political group almost invariably evokes a counter-blast from the chief of the opposing party. The controversy arising out of the recommendations of the British Admiralty anent Singapore not only cleft opinion here as elsewhere, but threw into bold relief the conflicting views of responsible leaders on that particular issue, the general problem of Imperial defence and the larger and more important question of international disarmament.

"The considered view of my Government," said Mr. Bruce, the Prime Minister, "is that the wisest course to pursue in the interests of future world peace and international arrangement for the reduction of armaments, is that the Singapore base should be constructed. . . The decision that it should not be proceeded with has caused the deepest regret to the overwhelming bulk of the people of Australia." He publicly deplored "a distinct lack of Empire vision which is dangerous in our present circumstances." "I think," said Mr. Bowden, the Minister for Defence, "that the British Government was thoroughly

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sincere in the attitude it took up (about the Singapore base), but I believe it was absolutely wrong." To reassure those who were fearful that the Washington naval agreement might be violated in the spirit, if not in the letter, Senator Pearce, the Minister for Home Affairs, who was Australia's delegate at Washington in 1921, stated emphatically that "the establishment of the base was not an infraction of the Pacific treaty either in the spirit or the letter."

It was clearly and distinctly understood (he continued) not only by the British delegates, but also by the American and Japanese delegates, that such a base was to be established. The British and naval authorities at the Conference admitted that the Singapore base could not be used for the purposes of aggression, either against Japan or America, but was essentially for the defence of British interests in the Pacific. At no time during the Conference was an attempt made by any Power to influence Great Britain to give up the intention to establish the base.

On the other hand, Mr. Charlton, the leader of the Opposition in the Federal Parliament, has announced that the Labour party will be no party to committing Australia to the establishment of a naval base at Singapore.

Australians have neither the occasion nor the inclination to fight other people. But they are not so fatuous as to ignore the warning conveyed by the unjust and humiliating treatment of Greece last year by a powerful neighbour, despite the existence of the League of Nations, then in session; the post-war expenditure on armaments of several European Powers; the statement of the Parliamentary Secretary to the Admiralty that by April 1, 1929, at the present rate of construction, Great Britain would have 32 cruisers and 31 submarines, while Japan would have 40 cruisers and 79 submarines; the disparity between the density of our population and that of neighbouring lands; and the difficulty of reconciling the claim to racial equality with the White Australia dogma. With the exception of a small group of genuine pacifists and of those amateur strategists who regard the difficulties which would beset

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an invader as our stoutest shield, there is a general consensus of opinion in favour of a measure of naval preparedness.

Ten years ago the policy of the Labour party with regard to naval defence was clear and positive. The Royal Australian Navy may be regarded as its symbol. But now it is harder to ascertain. The practice of trade unionism testifies to the faith of the party in force as the ultimate sanction for the maintenance and improvement of the wage earners' standard of life. But, on the issues arising out of Imperial and international relationships, Labour's political leaders to-day speak in less certain accents. Mr. Charlton's reluctance "to have a voice in foreign affairs, with its secret diplomacy," lest we should be in duty bound to stand by the Empire in the event of war may be interpreted in various ways. Possibly it indicates an amazing abandonment of the democratic principle that a people should be heard in the determination of matters vital to its own interests; or, it may be, he prefers that the foreign policy of Australia should be determined by Australians regardless of Imperial considerations. So, too, the Labour party's contemptuous reception of the Prime Minister's report of the proceedings of the Imperial Conference, which they refused even to discuss, shows a disconcerting lack of appreciation for the deliberations and conclusions of that meeting of Governments.

With regard to the Singapore base, the party stands four square behind Mr. Ramsay MacDonald. As Mr. Charlton frequently observes, the world wants peace. The urgent need of to-day is an extension of the principles of the Washington naval agreement. It is thought that, however defensible the development of the dock at Singapore might be on strategic grounds, it might offend the susceptibilities of other Powers and impair their faith in the sincerity of Great Britain's advocacy of a proportionate international reduction of armaments. The abandonment of the base is welcomed as a magnificent moral gesture to the world.

But apart from the abhorrence of war as such, social



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reformers, handicapped by the indebtedness due to the last war and anxious to promote various productive and beneficent purposes, can discover no enthusiasm for an outlay of millions on warships and docks. And their opposition to the project is strengthened by the advice, given publicly to Australia by Sir Percy Scott, that we should refuse to support such "a wicked, wilful and wanton waste of taxpayers' money." Further, as the result largely of the study of the causes of recent wars, such schemes are closely scrutinised nowadays for some mark of the "capitalist's" cloven hoof. There are some in our community unable to banish the suspicion from their minds that the big oil, mining, shipping and commercial interests are behind the campaign to spend millions of the taxpayers' money in the construction of a great naval base that would protect what they had won and facilitate the commercial penetration of China.

The Prime Minister, fresh from the Imperial Conference and in possession, possibly, of secret information bearing on defence, is anxious for disarmament. He ably represented Australia at the annual Assembly of the League in 1921, accepts the principles on which it rests and has faith in its capacity. But he believes, perhaps more ardently, in that other League of Nations which is the British Commonwealth, and he would welcome an Imperial policy likely in his judgment to strengthen the ties and ensure the safety of that association of free States. He shares with many of his fellow-citizens the view that, without the assistance of the British fleet, Australia is powerless against a strong naval and military Power; that, as Lord Jellicoe pointed out, "it is not possible to consider the naval requirements of Australia without taking account also of the naval requirements of the Pacific and Indian Oceans"; that, again to quote Lord Jellicoe, since "Singapore is undoubtedly the naval key to the Far East," as much should be spent there as is necessary to enable the base to cope with the docking of and repairs to modern capital ships and to be adequately fortified,

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and to that necessary expenditure, Australia should contribute according to the measure of her resources. He would continue the work there begun by the Baldwin Government simultaneously with the negotiations with other States on the subject of disarmament, so that, in the event of the latter being fruitless, the relative position of the British Government would not be weakened. Alternatively, if the hopes of right-minded people be realised, then the undertaking could be abandoned, as were the capital ships already on the stocks, when the naval agreement was reached at Washington. In short, the present Government of Australia finds the Imperial policy of the Conservative party more acceptable than that of either of the other two political groups in Great Britain.

Doubtless the Prime Minister took advantage of the presence of Vice-Admiral Field to discuss this problem in its various aspects. In the course of numerous speeches the Admiral, while careful to avoid any reference to Singapore, gave seasonable advice on naval matters. While frankly recognising that the policy of Dominion navies was unalterable, he stressed the necessity for unity of command and administration in time of war and the desirability, in times of peace, of standardising ships, guns, and methods of training and education, and of giving the Australian naval officers an opportunity of studying fleet exercises in British waters, in order that the Australian unit might be welded into the Imperial Navy anywhere in the world at a moment's notice.

A statement on the naval policy of the Commonwealth is expected from the Prime Minister. Its general nature, so far as it has been foreshadowed, would seem to be as follows :—Two cruisers of 10,000 tons each, armed with 8-in. guns, will be constructed to replace the light cruisers, *Melbourne* and *Sydney*, which are due for replacement in 1928. It is expected that they will take three years to build. Thereafter, a new cruiser will be built every three years, giving four new ships in about nine years. Two new cruiser submarines will be purchased. Sea-plane bases will be

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built in Sydney Harbour, Albany and the North, and a new aeroplane base will be constructed near Melbourne; the naval personnel will be increased to prepare for the commissioning of the new cruisers; the Commonwealth Munition Works will be gradually improved to make them equal to supplying the needs of the defence forces; and a base for oil fuel will be established in the North for the convenience of the destroyers and other fuel burning vessels which go beyond Brisbane.

### III. THE NEW LABOUR GOVERNMENTS IN WESTERN AUSTRALIA, SOUTH AUSTRALIA AND TASMANIA

**T**WELVE months ago there was only one Labour Ministry in office among the seven Governments of the Commonwealth, and that was in Queensland. Its position was precarious, for it had only a majority of two. Moreover, the elections for the Federal Senate had resulted in an anti-Labour victory, and the Brisbane municipal Labour party had been disastrously defeated at the polls. Small wonder, then, that political prophets saw the writing on the wall for Labour in this, its last Australian stronghold. There are to-day (June, 1924) four Labour Governments in office in Australia. The Queensland party has improved its hold on Parliament by increasing its majority from one to fourteen and has just swept the polls in the Brisbane municipal elections. In Tasmania a change of administration occurred in October, 1923, which placed Labour in power without an election. In March, 1924, Western Australia elected a Labour Ministry to succeed a Nationalist Government, and in April, 1924, South Australia followed the example of her western neighbour.

Some people regard these things as signs of a general revival of Labour in politics, others attribute the Labour successes to the disappointment of the electorate with the administration of the non-Labour parties, while others

## The New Labour Governments

maintain that the efficient cause of these results has been the rise of Country parties, which have split the anti-Labour vote. There is some truth in all these contentions. It is unsafe to generalise about States so widely different and distant as those in question. Each of them has local peculiarities which affected their political changes and ought to be considered. Broadly speaking, all that can be said is that Labour has in all cases profited by the divisions of its opponents and by the usual electoral swing away from the party in office.

The Queensland elections of 1923\* were discussed at some length in this journal and readers may be referred to those issues.†

The Tasmanian Labour party is in power because the Nationalist administration has lost the confidence of Parliament. In the elections of 1922 the parties fared as follows :—12 Nationalists, 12 Labour, 5 Country party, 1 Independent. A period of Nationalist administration followed, marked by a series of rather obscure political intrigues in the face of a difficult financial position. This was ended by the defection of some Nationalist members. The Premier, Sir Walter Lee, resigned, protesting that the position called for a dissolution. The Administrator, Sir Herbert Nichols, thought otherwise, and asked Mr. Lyons, the Labour leader, to form a Government. This Mr. Lyons did, and his Ministry has been carrying on since then. It has won admiration for its painstaking administration and its resolute attempts to straighten out the tangled finances which it inherited.

In Western Australia, the Nationalists went to the polls on March 22, 1924, from a House composed of 9 Nationalists, 5 Nationalist Labour, 15 Coalition Country party (supporting the Government), 3 Official Country party

\* In the previous Parliament Labour had a majority of one ; the elections gave Labour a majority of fourteen.

† THE ROUND TABLE, No. 52, September, 1923, p. 860 ; No. 53, December, 1923, p. 162.

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(opposing the Government) and 18 Labour members. The elections resulted as follows:—10 Nationalists, 7 Coalition Country party, 6 Official Country party, and 27 Labour. Labour is thus in a majority over all parties in the House and can count as well on the support of the Official Country party in opposing the late Ministerialists. There seems little doubt that a redistribution of seats Bill is needed in West Australia, but the late Premier would not introduce it. Labour has certainly profited by this in some of the goldfield seats which contain few voters. On the other hand, it holds a big proportion of the markedly under-represented suburban and Government areas. It is a striking fact that eleven of the Labour seats were uncontested. On the whole, it seems that there has been a considerable turnover of votes to Labour, which is, in this State, a right-wing trade-unionist party. Mr. Philip Collier, the new Premier, appears to be a shrewd leader and an excellent debater, and his Ministry has been described as a "team of likely administrators."

Sir Henry Barwell, the South Australian Liberal leader, also chose to face the electors without having previously faced the question of electoral reform. In this State the old "first past the post" method of election is still in use, and the Premier, though urged to do so by the Country party, resolutely refused to alter it to one of preferential voting. The result was unfortunate to the Liberals, for in many cases the Country party candidates split the anti-Labour vote. The last Parliament contained 26 Liberals, 16 Labour and 4 Country party. The electors on April 5 returned a House composed of 27 Labour, 17 Liberals, and 2 Country party members. Consequently Mr. John Gunn succeeds Sir Henry Barwell as the new Premier. The South Australian Labour party, like its western neighbour, is not regarded as being revolutionary. Indeed, its election speeches are mainly criticisms of the Liberals' mistakes, and promises of reforms most of which could have been undertaken by a Government of any political

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colour. A good deal of party capital was made of the Liberal Premier's denunciation of the White Australia policy. It has been asserted that the result of the elections is a travesty on the votes cast, and that preferential voting would not have given Labour an absolute majority over all parties. This is difficult to prove. Four safe Labour seats were uncontested, and the new Premier has publicly stated that of the votes cast, Labour has a clear majority of five thousand over all other parties. Moreover, the late Premier has admitted that one of the chief causes of his defeat was the swing of the electorate from Liberal to Labour.

In Victoria, where also a Country party is causing embarrassment to the Nationalists, there has been a series of political scuffles and changes ending in a dissolution, and the elections will take place on June 26.\* Here, perhaps more than anywhere in Australia, is a Redistribution Bill long overdue. In the past twenty years there has been a considerable accession of population in the metropolitan areas and a comparatively slight increase in the country. Yet the electorates have been revised but little for a generation. There are 44 country seats to 21 metropolitan seats, whereas it has been calculated that, on a population basis, the metropolis should have 36 seats against the country's 29. The late Premier brought forward a Bill adding three new metropolitan seats and leaving the country electorates untouched. Labour refused to regard this as anything but a flourish of Mrs. Partington's mop and voted against it. The Country party also opposed it, presumably because the existing anomalies suited the country politicians. The Bill was rejected and upon the great political principle of redistribution the Government has gone to the country! In such a jig-saw puzzle prophecy

\* The Victorian elections on June 26 left Labour the largest single party, though inferior to a combination of Nationalists, Liberals and Country party. The latter parties, however, have not come together. The Nationalist Government was defeated in mid July and Labour is now in office.

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would be ridiculous rather than idle. The attitude of the Country party towards the other two groups, especially in regard to second preference votes, will be watched with great interest, because of the repercussions of the Victorian situation on the position of the composite Federal Ministry. Victoria has not yet returned a Labour majority, and it would be amusing if the vagaries of machine politics accomplished what most Labour supporters have ceased to hope for while the existing inequitable distribution of seats remains unaltered.

Australia. June 21, 1924.



## SOUTH AFRICA

### I. THE NEW GOVERNMENT

THE elections which took place for the House of Assembly on June 17 resulted in a complete defeat for the South African party, which since the formation of the Union in 1910 has carried on the Government of the country. The strength of the respective parties before the election was :—South African party 72, Nationalists 47, Labour 13, and Independents 2. To-day the Nationalists have 63 members, the South African party 53, Labour 18 and there is one Independent. (The last delimitation increased the number of members in the House by one.)

The Nationalist and Labour parties formed, for the purpose of common action at the election, a combination known as the Pact. Its object, as originally announced, was to unite the anti-Government forces for the elections, so as to ensure that their voting power would not be dissipated in the constituencies. An arrangement was to be come to as to which seats were to be contested by Nationalist and which by Labour candidates, and the candidate when chosen was to receive the votes of both parties at the poll.

As regards the allocation of seats and candidates, the Pact worked with complete success. The question, however, on which most interest was centred during the election campaign was whether it would last after its original purpose had been fulfilled—in other words, whether it was merely a temporary co-operation of two parties,

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who had nothing in common beyond the desire to displace the Government, or whether it was a more permanent union in the nature of a coalition.

The former view was that which found favour in the country districts. There, with one or two exceptions, Nationalist speakers vigorously repudiated the suggestion that there was anything in the nature of an alliance with Labour, whose doctrines have hitherto been anathema to the land-owning Boers. In the towns and industrial centres the speakers on Labour platforms were almost equally definite in their assertions that there was no intention of forming an alliance or coalition with any party which did not accept the Labour programme. Indeed, it was clearly stated by leaders of both parties, including General Hertzog himself, that the Pact would come to an end on the day of the poll. When questioned as to whether, if called on to form a Ministry, he would invite Labour leaders to enter his Cabinet, General Hertzog, after giving somewhat inconclusive answers, finally declined to give any answer at all. The one Nationalist leader who consistently put forward a different view of the relations of the two parties was Mr. Tielman Roos, now Minister of Justice in the new Government. It was he who first put forward to a somewhat startled party the suggestion that they should form a working arrangement for election purposes with the Labour party, and, ever since it began to take root in his party, he has from time to time hinted at a more permanent and far-reaching combination, but these hints had not seemed to find favour in any quarter in the party, and in some had been definitely repudiated.

At the elections the arrangement worked with complete success, and the results were beyond the most optimistic forecasts. Immediately after the full results were known, when it was clear that General Hertzog would inevitably be asked to form a Government, he announced that it was, and had been, his intention, in such an event, to work with Labour, and that he would invite two Labour leaders

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to enter his Ministry. A congress of the Labour party was therefore held to decide whether his invitation should be accepted. It was generally expected, amongst those who claimed to be most closely associated with Labour politics, that the party would decide against associating itself, in the Government of the country, with a party which not only did not accept the Labour programme, but whose policy had hitherto been that of the conservative, not to say reactionary, sections of the community. In this matter, however, as in so many others connected with this election, public anticipations were falsified, and the congress, after a long debate, decided by a three-to-one majority in favour of Colonel Creswell and Mr. Boydell accepting portfolios in the Ministry which, on the inevitable resignation of General Smuts, the Governor-General had asked General Hertzog to form.

The distribution of votes as between the parties at the election is remarkable when it is compared with the distribution of seats resulting from it. Four members were returned unopposed—three Nationalists and one belonging to the South African party. Of the remaining 133 seats, the South African party secured 52 with a total poll of 153,029; the Pact with a total of 153,581 votes hold 80, while one was won by an Independent against a South African party candidate. This is an aspect of the election of which more will no doubt be heard from the advocates of some form of Proportional Representation, who, at present, are not very numerous in South Africa. In the meantime it serves to provide a measure of consolation for the defeated party.

The victory, unexpected in its extent, and the personal defeat of General Smuts, have caused a wave of enthusiasm among the supporters of the new Government. The South African party has been long in office, and has, indeed, been the only party that has held office since the Union was constituted. During its period of rule South Africa has passed through a period of unprecedented unsettlement.

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The Great War divided the people into a deep and sharp line of cleavage. The rebellion of 1914, led by General de Wet, roused the sympathy, open or tacit, of the whole Nationalist party. The revolt on the Rand of 1922 carried with it the sympathy of the great majority of the Labour party, and of a considerable section of Nationalists. In each case the Government was blamed for the outbreak, and bitterly attacked for the suppression. Criticism, untempered by any sense of responsibility, ran to the wildest extremes, and has left a mark on popular sentiment which tended to spread as the memory of the actual events became fainter. On the other hand, the acute depression which set in towards the end of 1920 brought with it drastic retrenchment of Government expenditure, restriction of credit, and unemployment, while a succession of droughts of unusual severity aggravated by visitations of locusts, on a scale unknown for many years, drove hundreds of families off the land to swell the numbers of the unemployed in towns and on relief works. The result of all this was to pile up a long account in the sentiments of large sections of the people against the Government, and to accentuate the desire for a change of rulers which is natural to a democratic community. Neither of the Opposition parties had had experience of the sobering effects of responsibility, which would have tempered the severity of their criticisms, and abated their confidence in their own capacity to set everything right. It is natural, therefore, that their coming into power, in the dramatic circumstances in which it has happened, has given occasion to demonstrations of hopes and enthusiasms which may have embarrassing reactions.

The question of immediate interest is : What will they do? So far they have told the country nothing definite on that point. It seems fairly certain, however, that they will not do—at any rate not immediately—some of the things which both their friends and their opponents have been expecting of them. The so-called “segregation” policy as applied

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to the native population has long been preached by General Hertzog, but with a complete absence of practical detail. It will no doubt be made a subject of inquiry, and it is undoubtedly a subject which needs profound inquiry. The idea of a State Bank, which has been held up before the eyes of the electors as the instrument by which they were to achieve their economic freedom from the domination of the oversea capitalist, will also be found to require careful examination before it can become a matter of practical politics. There will inevitably be disappointments and disillusionments, and it may be doubted if the new alliance will be strong enough to stand the strain.

The general opinion is that the combination in any case cannot last, and will probably not survive an ordinary session of Parliament. Indeed, the Nationalist leaders seem already to be preparing for a breach. The formation of the Pact was loudly acclaimed, more especially by the Labour leaders, as a death-blow to racialism. But on the very morrow of the election Mr. Tielman Roos, the deputy leader of the Nationalists, and, shortly afterwards, General Hertzog himself, issued appeals to the Dutch-speaking members of the South African party to "come out of the house of the stranger" and join their brethren in the Nationalist party. The policy of General Botha and General Smuts, in taking an active part in the war on the side of the Empire, and, later, in bringing the Unionist party—representing practically the British urban population—inside the South African party, split the Dutch-speaking population into two opposing political camps. The idea of reuniting and closing up this breach has always made a deep and widespread appeal to the Dutch South Africans, and, in one form or another, it will continue to press for realisation. If the Nationalist leaders should succeed, with the advantage of the strong position which they now hold, in bringing about a large measure of reunion on a racial basis—and so far no other has been suggested by them—they would undoubtedly make themselves inde-

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pendent of Labour, and secure themselves in power for an indefinite period. Politics would become again largely racial, until the slow disintegrating effects of economic pressure produced divisions along other lines—provided always that South Africa is not visited in the meantime by one of those recurrent crises which in the past have revived and embittered the racial cleavage.

One of the terms of the Pact is that the Nationalist party will not raise the question of secession during the life of the present Parliament. The official statement of the party's policy on the relations of South Africa to the Empire is contained in an article of the party programme. It is an article which was evidently drafted to meet conflicting points of view, and with such success that it is impossible to extract from it anything very clear or definite. There is no doubt, however, that the ideal of sovereign independence for South Africa is held, with varying degrees of enthusiasm, by the vast majority of the party. Labour speakers during the election campaign were at great pains to reassure their audiences that secession, as a political issue, was dead. It may be that they spoke more truly than they knew. Responsibility will bring to bear on this, as on other questions, a new point of view, and a better understanding of what partnership in the British Commonwealth really means for us. On this, however, it is too early as yet to speculate.

General Smuts has resisted the temptation to take a rest from South African politics, and has been returned unopposed for Standerton, where the sitting member gave up his seat for him. His presence in Parliament was indispensable. On him with special weight the blow of the party's defeat has fallen, and he alone can retrieve it. He has been through defeat before, and has learned how to build an enduring structure out of apparent disaster. Under him the policy of the Opposition will doubtless be to give the new Government a fair opportunity of doing what they can for the country. That is the attitude of the public

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generally. It was the desire for a change which, more than anything else, brought the new Government into power. They are now in power with a majority amply sufficient to carry out whatever they decide upon, and there is everywhere a disposition to wait upon events and to judge them by what they accomplish in office rather than by their record in opposition.

### II. THE PACT AND THE PROVINCES

THE new Parliament is to be opened to-morrow (July 25) at 3 p.m. This contribution must be posted before 2 p.m. on the same afternoon, in order to catch the mailboat. Had the difference of an hour been the other way it might have been possible to say something definite in this note about the policy which the Pact will adopt towards the many involved problems of provincial finance and administration which have been left to it by its predecessor.

That the legacy is a troublesome one is not by any means entirely the fault of the previous Government. That Government, during its last years of office, made sincere and persistent efforts to bring order and reasonable economy out of overlapping and waste. The story of its final surrender to overwhelming odds was told in the March issue of *THE ROUND TABLE*.\*

The new Government inherits all the problems, but it is fortunate in that it has not been forced to commit itself on any vital matter of provincial policy during the election. The anticipation that provincial questions would figure with some prominence in the election campaign has not been fulfilled. The contest resolved itself into a struggle between Smutsians and anti-Smutsians, and by tacit agreement the sleeping dogs of provincial contro-

\* *THE ROUND TABLE*, No. 54, March 1924, p. 407.



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versies were allowed to lie. But the pugnacious animals have certainly not been weakened by their spell of repose, and it is still too early to say whether there has been any decline in their chronic ferocity. Not having been teased for two or three months, they may prove more docile to their present masters than they were towards their erstwhile keepers.

The new Government begins operations, therefore, in a field which has become quieter than it is wont to be. It has the further advantage of the guidance of a document out of which may be fashioned the basis of a much-needed cirenicon. For any settlement will have to be a settlement by agreement. The South African party confessed to failure at the very close of the last Parliament, and all parties are more or less divided on important issues affecting the provinces. An arrangement which would give the Union Government a real measure of financial and administrative control and still allow the provincial administrations to operate much as they have done in the past seems to offer the best hope of a compromise.

Such an arrangement is suggested in the second (and final) Report of the Education Administration Commission, which was published just a week before the election. Little attention could be given to it then, but a Government which is almost pathetically anxious to please everybody may turn to it with the hope of finding some way out of many thorny patches. It will be remembered\* that this Commission was appointed on the recommendation of the Provincial Finances Commission to investigate certain matters of educational administration, the settlement of which was essential to any final adjustment of financial relations between Union and provinces. The opportunity was then taken of charging it with the further duty of enquiring into certain special educational services where much overlapping and confusion had arisen through the participation in them of both provincial and Union

\* See THE ROUND TABLE, No. 54, March 1924, pp. 408-9.

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authorities. The three services specified were: (1) Defective children. (2) Indigent children and children committed under the Children's Protection Acts. (3) Industrial and technical training. The Report contains much that is of importance and interest, especially on the third of these heads. South African public opinion is becoming seriously alarmed about the prospects of European youth in the face of the economic advance of the native and coloured peoples, and the problem here involved may well become the gravest which our precariously placed community has to meet. But it will be well to wait until the present Government has shown its hand more plainly before attempting any estimate of the possibilities in this regard.

The main interest of the Report from the present standpoint lies in its insistent emphasis upon the need for *co-ordination* of provincial educational services and its sketch of a plan whereby such co-ordination might be achieved. The Commission argues that no measure of co-ordination can be effective which does not operate over the whole field of educational effort in the Union. It says :—

The difficulty is inherent in the very nature of a State educational system. To be a system at all it must be a unity, and that is impossible so long as divisions which should only be distinctions of aspect and effort within a single whole are treated as entirely separated units and allocated piecemeal to authorities which are largely independent of one another.

The Commission, therefore, takes the risk of an accusation that it has travelled beyond its terms of reference and proposes the creation of a Union Board of Education to co-ordinate the work not only of the four provincial administrations, but also of the six or seven Union Departments which are concerned, more or less directly, with educational services.

The key to the position of such a Board and the main

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instrument of its controlling powers is described in the first item of the specification of its functions :—

(a) To advise the Union Government in all payments of grants from public funds towards the carrying on of education.

The Board would need to exercise a good many other functions also, but the reality of most of them would depend upon the reality of its financial control. Public interest, so far as it has been aroused by the Report at all, has, quite naturally, fastened upon this proposal. It has been well received on the whole, especially by certain bodies of teachers, and the masses of evidence which the Report puts forward of costly overlapping and waste are likely to move other bodies which are, perhaps, more directly concerned for economy than for education as such. But there is, in many quarters, a growing feeling that the proper instrument of economy is not a Geddes Axe but thoroughgoing reform of administrative systems. The fact that the proposed plan leaves the provincial administrations practically intact and even extends their powers in some particulars may commend the proposal to yet another body of opinion.

So far the Government has not shown its hand, but it will be forced to adopt a policy before long. In three out of the four provinces there is a Pact majority in the Provincial Council, and such majorities will not be disposed to jeopardise the popularity of a brand new Pact Union Government by proposals for fresh taxation, whether Union or provincial, at such a moment as this. Some of the hopefuls, among the teachers for instance, who have been anticipating a fountain of blessing in a Pact Government may be sorely disappointed. Thus the Transvaal has a deficit of £330,000. Proposals by the Executive to meet this partly by new taxation and partly by economies such as a reduction in salaries of teachers have been left standing while the Council adopted unanimously an unopposed motion to approach the Union Government for a loan to

## The Pact and the Provinces

tide over the deficit. The only other proposal, adopted by a majority, was that the Government should be asked to permit a State lottery!

The Cape deficit is even bigger, though the exact figure is not announced yet. Cape resources are already heavily mortgaged in consequence of previous loans, and it would be even more difficult here to meet the shortage by a further loan than it would be in the case of the Transvaal. But if there is no loan then there must be either fresh taxation or fresh "cuts" or both. The action of the new Government in these awkward circumstances will be awaited with some interest, though there will be little disposition on the part of an Opposition which, as a Government, itself failed, to put unnecessary difficulties in the way.

Meanwhile it is stated that the Government intends to repeal that portion of the last Financial Relations Act,\* which made provision for a uniform scale of salaries for teachers throughout the Union. That would leave the provinces free to economise at the teachers' expense, and that might seem to involve less political trouble for the Pact than would fresh taxation at the moment.

There are portents, however, of unexpected possibilities. From a Free State town comes the report of a town's meeting to pass a resolution asking the Union Government to take over the whole control of education in that province! And this from the Free State! If Saul also should be found among the prophets, then there may be great changes in the state of Israel after all!

\* See THE ROUND TABLE, No. 51, June 1923, p. 623.

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### III. SOUTHERN RHODESIA

THE last article on the affairs of Southern Rhodesia carried the story up to October, 1923.\* At that date a general settlement had been reached between the Imperial Government, the British South Africa Company and the people of Southern Rhodesia, the territory had been annexed as a full-blown self-governing colony, and the Governor, Sir John Chancellor, had called upon Sir Charles Coghlan, the leader of the "Responsibles," to form a Ministry. Moreover, arrangements had been made whereby the Crown should relieve the Company of the administration of Northern Rhodesia on April 1, 1924.

The old Legislative Council of Southern Rhodesia met for the last time in October, 1923. The difficulties facing the new administration were very real. Its powers of self-government were and are subject to certain limitations imposed upon it by the Crown in view of the peculiar position held by the Chartered Company; it owned the Crown Lands but the minerals remained with the holders of the Rudd concession and the railways remained in the hands of various companies which, in turn, were also in the hands of the Company; it was faced with the task of raising a loan of £3,000,000, nearly five-sixths of which was due to the Crown in payment for the land and other assets; finally, it had to accept responsibility for the finances of the country from April, 1923, the date at which the Company closed its administrative books. As against this liability, however, it was to receive the land revenue which had hitherto been treated as commercial revenue.

During December, preparations were pushed on for the general election. The 22,000 electors, male and female, had been distributed among fifteen constituencies each

\* THE ROUND TABLE, No. 53, December 1923, p. 180.

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returning two members. There was talk of dissolving all party ties, and the Unionists, who had worked for incorporation with the Union of South Africa, did commit *felo de se* as a party though members made it abundantly clear that, as individuals, they had in no sense abandoned their intention of working for ultimate union with the south. On the other hand, the Responsible Government party refused to take this Bolingbrokian step. Instead, it changed its name to the Rhodesian party, framed a comprehensive programme, and decided to negotiate an alliance with the Labour party.

From the strictly party point of view, the decision of the Rhodesian party was more than justified. Ministerialist prospects brightened as the campaign proceeded. The £3,000,000 loan had at first hung fire, but it was now raised with the help of the Bank of England on terms which were, if anything, slightly better than those accepted recently by some other colonies, and the Treasurer was able to announce that revenue was coming in under all heads much better than in the preceding year. The proposed alliance with Labour was not effected, but the real opposition, the ex-Unionist Independents, were working as individuals and, having little to propose other than the programme put forward by the Rhodesian party, were fighting at a manifest disadvantage. On the eve of the polls, the Ministerialists hoped to win 20 of the 30 seats, leaving 4 to Labour and 6 to the Independents. In the event, the polling on April 29 gave them 26 seats, the Independents 4, and Labour none. The name, Rhodesian party, had been chosen prophetically.

The first session was opened on May 31. The Assembly—for there is as yet but one House in the Legislature—met in the dance hall of Meikle's Hotel in Salisbury. This assembling of a legislative body on licensed premises is probably a unique event in the annals of the British Empire. However, those who are inclined to smile should remember that the English Parliament used to meet in a chapel and that there was a notable French assembly which met in a

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riding school and then transferred itself to a tennis court. Hotel or no hotel, the Rhodesian Parliament installed itself with becoming dignity, elected a Speaker from outside its own body, and proceeded with the business of the session.

It remains to be seen how long the overwhelming phalanx led by Sir Charles Coghlan will remain unbroken. A party which has been formed on the issue of responsible government tends to fall to pieces as soon as the victory has been won. There are plenty of lines of cleavage in Rhodesia, but, so far, none have gone far enough to lead to a realignment of parties. Financially, the position is hopeful. The *ex post facto* budget of 1923-24 had first to be adopted. It showed a surplus of £150,000. The Treasurer then budgeted for an expenditure of £1,545,000 in 1924-25 and a revenue of £1,398,000, leaving a deficit which would be more than covered by the last year's surplus. Moreover, £516,000 of the loan remained in hand. Of this sum £300,000 was earmarked for the Government Land Bank, to establish which a Bill was immediately introduced, and the balance for public works, assistance to prospectors and small miners, and bounties to cattle exporters. The Treasurer was justified in describing the financial situation as very satisfactory. He was equally justified in sounding a warning note. The surplus with which the current budget has been balanced is due to the conservative finance of the old administration and to the inclusion of the land revenue, a source which was expected to yield £81,750 but which actually provided £118,752. In other words, land revenue for two full years has been available as against interest on the loan for one year only. Again, £30,000 extra will have to be found next year to provide a sinking fund of one per cent. on the aforesaid loan. The Treasurer also announced that a new loan of £500,000 would be necessary, and that speedily, wherewith to buy out the British South Africa Land Bank and to provide an additional £150,000 for public works. It remains to be seen whether the new Administration, full of good intentions and public



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works but dependent on votes, will be able to make ends meet without recourse to the extra taxation which Southern Rhodesia, desirous of immigrants, is particularly anxious to avoid.

The budget is now passing on its way with very little alteration. Meanwhile, the Assembly has passed an Enemy Property Act—its first completed measure—to bring Southern Rhodesia into line with other parts of the Empire, and a Public Health Act very much on the Union model. It is now wrestling with the mineral and railway problems, with the eternal native question looming in the background. Native education has been relegated to a commission of enquiry which is to meet at the end of the session. As touching the minerals, the Government has approached the Chartered Company with a view to buying out its rights, but at the time of writing, the issue of the negotiations is not publicly known. It is doubtful whether the Company would accept any sum which Rhodesia could offer at present. The matter of the railways and ports is likely to cause much trouble. Steps are being taken to improve Beira, the natural port of the northern and, to a less extent, of the central districts. Bulawayo and the south, however, look towards Delagoa Bay, the Union ports, and even towards Walvisch Bay. Proposals for the construction of some 1,300 miles of line have already been laid before the Cabinet, but, as the Prime Minister has observed, this is a matter for private enterprise. There is no monopoly of railway construction in Southern Rhodesia, but the Government cannot do more to-day than appoint a commission armed with the necessary powers to enquire into the railways as a whole.

On the other hand, the Government has flatly refused to consider the extension of the Salisbury line north-westwards across the Zambezi to Kafue as a business proposition.\* It recognises that, once the Belgians have completed their

\* Since this was written it has been announced in the Press that the Assembly has adopted a resolution in favour of building a line from Sinoia to Kafue, the very proposal which the Government refused to consider.

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railway across the Congo to the West coast, very little of the Katanga traffic will pass through Southern Rhodesia. Some members appear to hope that this will induce Northern Rhodesia, which the Crown duly took over in April, to throw in its lot with the south. The problem of the southern lines is at once more complicated and more hopeful. Strong pressure has been brought on the Government to facilitate the extension of the Johannesburg-Messina line across the Limpopo and thence to Bulawayo via West Nicholson and direct to Salisbury. Negotiations for the joint building of a railway and road bridge across the river were actually proceeding with the Union Government when the fall of the Smuts Cabinet interrupted them. Geographically this is and always has been the true line of life from south to north. Rhodes and Hofmeyr pressed hard for it in 1888, but Kruger would have none of it and the line to Central Africa had, perforce, to go through the thinly peopled Bechuanaland Protectorate. To build the Messina line now would practically put the Vryburg-Bulawayo line out of action. That line, which is worked by the Union, belongs to the Rhodesia Railways Company, and Sir Charles Coghlan has frankly stated that, before the Messina line can be built, some arrangement must be made to prevent the full loss falling on the Rhodesia Railways Company. Thus does a *pis aller* become a *damnosa hæreditas*.

There remains Walfisch Bay. For some time past there has been talk of a line running south-westward from the Wankies colliery on the main African railway to link up with the South-West Protectorate system some 500-600 miles distant and thereby to reach the West coast at Walfisch Bay. Bulawayo farmers have been pressing for this line as an outlet, not only for Wankies coal to the South American market, but for the cattle on which so many of the southern and central districts of their country depend. The Assembly has resolved that a preliminary survey of the route shall be made and members have talked of applying to H.M. Government for help in the construction of the section

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which must run across the Bechuanaland Protectorate. We are only at the enquiry stage at present, but already a strong body of opinion in the Union and in Southern Rhodesia refuses to regard this line as a matter of practical politics.

Looking at the railway question as a whole, it seems probable that the cleavage in the serried ranks of the Rhodesian party, if and when it comes, will come along the line running between north and south. Meanwhile, the Rhodesian Government has been obliged to accept a Union embargo on Rhodesian cattle of less than 800 lbs. live-weight and has to face the prospect, at the end of the year, of the lapsing of the customs agreement which, since 1903, has secured free trade in South African products between the Union and Southern Rhodesia. It is for this reason above all others that Rhodesians have followed the South African elections with some anxiety, for, as in 1920, they pinned their hopes on General Smuts. General Hertzog, on the other hand, is more or less pledged to exclude Rhodesian cattle from the Union, but it is questionable whether he will be prepared to face a Rhodesian retaliatory tariff against Union goods. It is still more questionable whether his Labour allies will agree to a step which would raise the price of meat in urban areas during part at least of the year. It is also hard to see how Rhodesian cattle could be excluded and Bechuanaland cattle admitted. Apart from other considerations, the physical difficulty of watching the long western border of the Transvaal would be well-nigh insuperable.

General Hertzog has taken an early opportunity of assuring Rhodesians that he and his colleagues are well disposed towards them (July 1). He repeated his conviction that it was better for all concerned that they should experience the joys and pains of self-government before seeking to enter the Union. For the rest, he trusted that the interests of the two countries would never diverge but that, if they did, Rhodesians would remember that his duty was to South Africa first. There is necessarily a Delphic

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quality about the last part of this statement, especially as the Nationalists are traditionally protectionist, but, taking it all in all, the first official gesture of the Pact should be reassuring to the new Government and people of Southern Rhodesia.

South Africa. July 24, 1924.

## NEW ZEALAND

### I. NAVAL PROBLEMS

IF there is any part of the Empire that should take a serious view of the problem of naval defence it is New Zealand. The remotest of the self-governing Dominions has a population smaller than that of Glasgow scattered over a territory larger than Great Britain and rich in almost every natural advantage. Its external trade per head is one of the largest in the world, exceeding £40 during the four years preceding the war, and £73 during the last four years. Almost the whole of this trade depends on the security of the 12,000 miles of ocean which divide us from the markets of the Old World. Not merely the trade, without which New Zealand would be bankrupt in the course of a few weeks, but "all that she has and is," her very existence as a free and white democracy, depend on the protection of a powerful navy.

To these normal reasons for New Zealand's interest in naval affairs three special additions have recently been made, viz., the dangerous weakening of Britain's naval power in the Pacific, the abandonment of the naval base at Singapore and the sinking of Australia's battle cruiser in obedience to the Naval Treaty of Washington. Ten years ago New Zealanders were inclined to look askance at the enterprise with which Australia was pursuing her ideal of a separate navy, but in the first six months of the war when Germany still had two powerful cruisers at large in the Pacific they recognised that they owed the immunity of their shipping and their ports in large measure to

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the *Australia* and the other vessels of the Australian Navy. If, as the prophets tell us, the Pacific is to be the next great theatre of war, what will happen to New Zealand if Britain's capital ships cannot operate east of Suez, Australia's only capital ship is at the bottom of the sea, and New Zealand's own Navy is limited, as at present, to a single small cruiser ?

A sense of isolation sharpened by these considerations put us in the right mood to appreciate the visit of the Special Service Squadron (April 24 to May 18). The display of sea-power provided by these magnificent vessels and the wise counsels of Vice-Admiral Sir Frederick Field could not have come at a more opportune time. Since the departure on October 16, 1914, of the ten transports conveying our main Expeditionary Force and escorted by the Japanese cruiser *Ibuki* and the *Minotaur*, the *Psyche* and the *Philomel*, Wellington Harbour has seen no more impressive sight than the arrival of the *Hood*, the *Repulse*, and the *Adelaide*, on April 24, 1924. And as they steamed out again, fifteen days later, one could not help wondering what would be the next comparable event of the same kind ; when would it occur and whether in peace or in war, and how would it find the Empire.

From the standpoint of policy the most important event of the visit was the luncheon given by the Government to the Admiral and principal officers of the Squadron on April 28. Mr. Massey improved the occasion by promising a small forward step in naval policy ; and in a frank but diplomatic speech Sir Frederick Field indicated the general lines which he thought our policy should follow. After referring to the £100,000 which was voted for the Singapore scheme last session but would now help to swell his surplus, the Prime Minister said :—

If the Singapore scheme went on we must contribute our full share. If it did not go on, he thought the Admiralty would ask us to maintain another cruiser in the Pacific. It was a choice between Singapore or another cruiser, and in either case it would cost about

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£250,000. That would make our defence expenditure total just over £1,000,000. It sounded a lot, but in his opinion it was not too much. He was not sure it was even enough, but it was our plain duty to do our full share.

The following points in Vice-Admiral Field's reply are taken from the report in the *New Zealand Times* of April 29:

The principal duty of the main fleet was to meet and contain the main forces of the enemy; and nothing must interfere with that, because the Empire's safety depended upon their being contained or brought to action and destroyed. With our reduced main fleet it would not be possible to prevent raiders from escaping; and they would attack our trade routes, upon which the whole existence of the Empire depended. But it would not be possible for the main fleet to detach portions and send assistance to every threatened point; and, therefore, he was going to ask us to consider how we stand with our trade. These raiders might get out; and what had we got to protect our trade? We should probably have to deflect it, but at the shortest we would have to convey it across 12,000 miles. To have only one cruiser was to be like a man with only one pair of trousers, who had to go to bed while they were being patched up. (Laughter.) And our trade would have to go unprotected while our cruiser was being repaired or refuelled. He would say that the least we should depend upon was three cruisers; so that two could protect our conveyances while one was fuelling or repairing.

The striking contrast between the attitude to the defence problem which has been forced upon the British Labour party by the responsibility of office and that of the New Zealand Labour party, which has not yet had that advantage, is illustrated by some of the comments on Mr. Massey's speech. His proposal to increase our naval expenditure while the railwaymen's demand for an extra 2s. 6d. a day remained unsatisfied was attacked by the official organ of the party, the *New Zealand Worker* (formerly the *Maoriland Worker*) in a leading article on May 14. The material parts of this article, including the headlines, were as follows:—

MONEY FOR MASSACRE.

BUT NONE FOR INCREASED WAGES.

The visit of the fleet was arranged at the gathering of anti-



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Labour politicians known as the Imperial Conference for no other purpose than that of propaganda in favour of increased expenditure on murderous armaments. In part, the plan went aley, because after the fleet's departure from Britain a Labour Government assumed office with unconventional ideas about armaments and foreign policy. Singapore has gone by the board, but Mr. Massey, baulked of that contractors' and warmongers' objective, has no intention of going any further in the disarmament direction pursued by the Imperial Government, if he can help it. On Saturday, in Auckland, he gave us the clearest indication of what the fleet is here for, and of his resolution to comply. Within a year or two, said Mr. Massey, New Zealand's expenditure on naval defence would necessarily be a million a year. And after that, further additions would be made to the Dominion division of the Navy, this, so he said, being the result of the abandonment of Singapore—a crafty fixing of the responsibility on the British Labour Government.

Imperial power has already rested throughout history on the exploitation of the masses, and its object is, and has been, the enrichment of a few at the expense of workers at home and peoples abroad. This is why, when railwaymen are refused a 1914 spending power, there is money without limit for preparations for world-wide human massacre.

The Prime Minister is not really entitled to all the credit that this indignation implies. If the writer had realised that even after the proposed increase New Zealand's defence expenditure would still be less than £1 a head as against Britain's total of more than £3 a head under a Labour Government, our Labour organ's censure on Mr. Massey might have been less severe. At present, however, Mr. Massey is more concerned to exaggerate than to minimise his responsibility in regard to the provision of "money for massacre." He objected to the Chancellor of the Exchequer's comparison of the estimated defence expenditure of the self-governing States of the Empire as underestimating New Zealand's share. Mr. Snowden's figures, submitted to the House of Commons on March 25, were as follows :—

	£		£
Britain	.. 131,601,000	New Zealand	677,000
Canada	.. 3,513,000	South Africa	1,078,000
Australia	.. 3,426,000		
856			

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In a statement published in the *New Zealand Times* of March 28, the Prime Minister stated that Mr. Snowden had evidently not looked beyond the main estimates, and that the correct amount for New Zealand was not £677,000 but £930,494, the details being as follows :—

Consolidated Fund—Vote		£
Defence .. ..		376,354
Naval Defence ..		339,397
H.M.S. <i>New Zealand</i> —Funded Debt		
Amortization ..	£10,249	
Interest .. ..	47,539	
Interest		
4 p.c. Consolidated		
Stock .. ..	18,671	
3½ p.c. .. ..	12,784	
		89,243
Public Works Fund—Vote		
Contingent Defence ..		25,500
Singapore Base		
Section 13 Finance Act, 1923		100,000
Total ..		930,494

From this amount the £100,000 voted for Singapore must, of course, be now deducted, and the total is also padded to the extent of £89,243 by the inclusion of the interest and sinking-fund payments on the cost of our battle-cruiser. To treat as current defence expenditure payments of this kind in respect of a vessel which was presented to the Empire twelve years ago and has already been scrapped is not a creditable performance. Mr. Ammon's Navy Estimates would have made a much braver show if he could have included "dead horse" instalments on the ships sunk at Jutland. If the £189,243 covered by these two items is deducted the total will be reduced to £741,251, which means that, in spite of his mistake, Mr. Snowden's figures are a good deal nearer to the fact than Mr. Massey's.

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Mr. Bruce and Mr. Massey have stated the case of Australia and New Zealand against the abandonment of the proposed naval base at Singapore so well that there is no need to say much here. New Zealand's opinion on the subject was sufficiently proved by the vote of £100,000 for the scheme on last year's estimates and the approval of the vote by everybody outside the Labour party. And of the opposition of Labour, unfortunate as it is, it may be said that from the Imperial standpoint it is the exception which proves the rule, since the theory of the party appears to be that the world will be a safer place when the Empire has been parcelled out into a number of small republics. Mr. Massey was at his best in the application of his characteristic common sense to those ideal aspects of the problem which make the strongest appeal to Labour on both sides of the world. His reply to the communication from Mr. Ramsay MacDonald on the subject of the Singapore base was published here on March 27, and in London a day or two earlier, and contained the following characteristic passage :

You say that your "Government stands for international co-operation through a strengthened and enlarged League of Nations." In reply to that I must say that if the defence of the Empire is to depend upon the League of Nations only, then it may turn out to be a pity that the League was ever brought into being. The very existence of the Empire depends upon the Imperial Navy, and if, in the event of war, the Navy is to operate successfully, it must have suitable bases from which to work, and where repairs may be effected. The nearest suitable base at present is Malta, which is 6,000 miles away, and therefore of no value for the purposes of capital ships in either the Pacific or Indian Ocean. . . . It may be also pointed out that the League of Nations, although it is undoubtedly an influence for peace, has not so far been able to prevent hostile action as between nations.

Having never shared the enthusiasm for the League of Nations proclaimed by those Dominions which apparently regard it as having conferred upon them all the rights and

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glories of formal independence without any of its awkward obligations, New Zealand is entirely at one with her Prime Minister on this point. With him she places more faith in the British Empire than in the League of Nations, and more faith in the British Navy than in the "moral gesture" that would weaken it in the hope that other Powers may be induced to follow suit. Indeed, if we had to choose between the Minister who justified the abandonment of the Singapore base as a "moral gesture" and the Conservative who replied that "it is impossible to run the Empire on the skimmed milk of sentimental rot," the inelegance of the critic's language would not be likely to deter us from giving the preference to his argument. We agree with Mr. Bruce that a strong navy would be a much better argument with which to approach a Disarmament Conference than a weak one. We can also see for ourselves that a strong navy would help the League of Nations as well as the British Empire, and that to weaken the most influential, the most disinterested and the most pacific of the League's members is to weaken the League itself.

But the weak spot in the official protests of both Australia and New Zealand is indicated by Mr. Massey's reference to the Navy. "The very existence of the Empire depends," he says, "upon the Imperial Navy." But where is the Imperial Navy? In the only sense in which any Dominion representative has a right to use the term there is no such thing. There is a British Navy which serves an Imperial purpose by safeguarding the whole Empire at the cost of the British taxpayer. There is no Imperial Navy in the sense of a Navy maintained by the whole Empire for its own protection. The same remarks apply, *mutatis mutandis*, to the Singapore scheme. It is, to the same extent as the Navy, and in the same sense, not an Imperial but a British undertaking.

In an article which appeared a day or two after the simultaneous announcement of Australia and New Zealand's new commitments in regard to naval defence, the *Evening*

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*Post* of April 30 argued this aspect of the matter as follows :—

As we have already suggested, it is quite possible that the temporary abandonment of the Singapore base may prove to have been an advantage to these southern democracies and to the whole Empire. The essential weakness of Australia's demand for the prosecution of the scheme was that it was a demand for the expenditure of other people's money. This weakness stood out very clearly in Mr. Bruce's otherwise powerful reply to the British Government's communication on the subject. He had not gone into the question of cost, because he understood that the decision of the British Government was arrived at "on the basis of principle rather than expenditure," but Australia was not unmindful of her obligations, and he would propose a substantial contribution. An eleventh-, or twelfth-, hour announcement of this kind served to emphasise the fact that all Australia's insistence on the value of the Singapore scheme had not hitherto had a sixpence behind it, and that it was merely the allocation of British money that her representative had hitherto been discussing. New Zealand's offer of £100,000 put Mr. Massey in a better position, but he never disguised his opinion that it was inadequate.

The abandonment of the scheme has had the great advantage of bringing Australia and New Zealand face to face with the realities of the position and enabling them to appreciate their insecurity and their responsibility. The efforts which they are now about to undertake will put them in a far stronger position for renewing their advocacy of the Singapore base when it comes up again for discussion. . . . Whatever happens at Singapore our trade routes must be protected, and we cannot decently look to others to shoulder the whole burden.

Australia's strange oversight with regard to Singapore is unfortunately not a unique experience. It is typical of the general attitude of all the Dominions to the very foundations of the Imperial problem. They are eager to claim their rights in the Imperial partnership, but not to shoulder its obligations. They mistake the insistence upon rights which nobody disputes and the neglect of the correlative duties for statesmanship. Some of the Dominions are loud in proclaiming the full nationhood which they suppose themselves to have received at Versailles and to

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exercise at Geneva ; they believe that they may be at peace while the rest of the Empire is at war, and *vice versa* ; and they even aspire to make treaties on their own account. All of them are neglecting one of the fundamental obligations of nationhood, viz., defence, still looking to Great Britain for the protection which she freely extended to them in their infancy, but which it is utterly inconsistent with their professions of maturity and equality to accept any longer. It is a farce which may at any time develop into a tragedy that Dominions which claim an independent status through the League of Nations and the right to negotiate treaties with foreign Powers should nevertheless be expecting Britain to provide the force without which treaties are mere scraps of paper. The Imperial Conference seems doomed to drift from disappointment to disappointment and from futility to futility as long as it shuts its eyes to the crux of the problem, and ignores the equitable and businesslike adjustment and apportionment of the responsibilities of defence and foreign policy.

### II. IMPERIAL PREFERENCE

AS was stated in the New Zealand article in THE ROUND TABLE\* for March last, this country has always favoured the policy of giving priority to British goods. Following the lead given by Mr. Seddon in 1903 under the inspiration of Mr. Joseph Chamberlain's crusade, it was glad to incorporate the principle in the tariff by the Preferential and Reciprocal Trade Act of 1903. The extensions of the principle proposed by Sir Joseph Ward in 1907 and by Mr. Massey in 1921 were also heartily welcomed. It may be that no great amount of patriotism was required on the part either of a people who firmly believed in protection or of a Finance Minister suffering

\* THE ROUND TABLE, No. 53, March 1924, p. 422.

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from "that eternal want of pence that vexes public men," to induce them to give British goods a preference, not by reducing the tariff in their favour, but by raising it against the foreigner. The Minister was so obviously killing two birds with one stone that he was entitled, at the best, to the credit of what the moralists call a mixed action; but it was a genuine, if mild, impulse of patriotism which prompted the popular approval of the scheme, and it was unalloyed by any expectation of reciprocal favours to come. Whatever was the value to the British people of a concession which cost us very little, it was certainly a free and disinterested expression of goodwill and not merely a sprat thrown to catch a mackerel.

Those, therefore, who were proclaiming at the time of the last Imperial Conference that the grant by Britain of a tariff preference on the produce of the Dominions was necessary to ensure their allegiance, and that the ultimate alternative was disintegration, were grossly slandering the patriotism and the loyalty of at least one of the Dominions. No New Zealand Minister could conceivably have spoken in such a strain, and Mr. Massey was of course without blame; but he threw himself into the fiscal controversy with an unbalanced enthusiasm which seriously misrepresented his country in other less vital respects. Mr. Massey is not the first New Zealand Minister upon whom the air of the Imperial Conference has occasionally had an elevating but perturbing effect which, while temporarily raising his ideas and his enthusiasm to a higher power, has occasionally detached them from the solid ground of facts. A Minister may have a mind which, when he is at home, keeps the roadway as well as any other man's, and an enthusiasm which is rarely out of hand. But when he goes to London and faces the Imperial gallery, new influences are brought to bear. The glare of the footlights, the greatness of the occasion, and the need of having something to say and of saying it as loudly as any of the other delegates, conspire to disturb his balance. By the stress



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of advocacy under these conditions our Prime Minister was led to give the impression that we all regard preference as a life and death matter, that we shall not be happy till we get it, and that we shall resent the withholding of it as a bitter grievance. But in so doing he was really misrepresenting, not only his country but himself.

The people of New Zealand have never taken this business of Imperial preference very seriously to heart, nor has Mr. Massey attempted to teach them to do so except when an Imperial Conference is sitting or in sight. The statement in his valedictory interview with *The Times* (December 18) that the cancelling of the preference proposals of the Baldwin Government "would be a slap in the face for British sentiment in the Empire, and would do harm that would last for many a long day" appears to be entirely without foundation, so far as the only Dominion for which Mr. Massey is entitled to speak is concerned. With a very close approach to unanimity our leading newspapers repudiated this statement at the time, and also the contention that the free choice of the British electors should be hampered by the doctrine of the continuity of Imperial policy. The *Evening Post* (December 21) replied to this argument in the following terms:—

We believe in preference, but we also believe in the Empire and in democracy, and we cannot see how the interests of the Empire can be permanently served by a flagrant violation of fundamental democratic principle on a matter which is deemed of vital importance by the dominant partner of the Imperial firm. The people of New Zealand would be glad to get preference on their produce, but they do not want to get it on a snatch vote, or a minority vote, or as a reluctant concession from an aggrieved people under a technical rule which was never meant to apply to such a case. Preference under such conditions would be as absurd a misnomer as the "benevolences" exacted by a despot in the days before democracy.

The *Auckland Star*, on December 24, argued for the supremacy of the several Parliaments in a similar way, and declared that to tolerate the contrary opinion would be

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"to establish a dictatorship on the lines of that of Italy, and Parliament would count as much with the leader of the Government as the Senate does with Mussolini." The *Star's* article concluded as follows :—

A case like that in England, where a Government has promised a small degree of preference and then has received a staggering set-back at the polls, almost entirely because of its fiscal policy, is not likely often to occur. It is an unfortunate *contretemps*, but it is both ridiculous and impertinent for the people of the outlying portions of the Empire to say to the people of the United Kingdom, "While you have definitely and decisively shown at the ballot-box that you are adverse to tariffs, we will that you shall have them just the same." One would have no right even to expect a civil reply to such a demand.

But even in his statement to *The Times* Mr. Massey was quite clear in emphasising the main point and putting it in its true light, and after the blow had fallen his attitude was unaltered. Discussing the decision of the British Labour Government not to stand by the preference proposals of its predecessor (*Evening Post*, May 7) he treated it as a matter of course that "what was happening would not affect New Zealand's loyalty to the Empire in the very slightest." In saying this Mr. Massey spoke as a New Zealand Premier ought to speak, and as everybody expected that he would speak. The slap in the face which he foretold for British sentiment is really not felt here at all, nor is it suggested that our preferential policy should be abandoned or modified because it remains as unreciprocated to-day as it was when we set it going more than 20 years ago. The *Wanganui Herald* (May 29) may be exaggerating when it says that from the people of New Zealand "there has scarcely been the flicker of an eyelash to indicate that they have troubled themselves about the matter," but the exaggeration is not very serious. The *Herald* would have been well within the mark if it had said that the decision has occasioned incomparably less unfavourable comment here than the criticisms which

## Imperial Preference

it evoked from Sir Thomas Mackenzie in his speech at the Royal Colonial Institute Empire Day dinner as reported to us by cable, and also from the representatives of other Dominions. There has doubtless been some disappointment, but there has been little, if any, in the same tragic vein as Mr. Massey's, and there is no more patriotism about most of it than about the ordinary hopes and fears attendant upon a change in the local tariff. The patriotic air which the desire of the Dominions is accustomed to assume when they are asking the Mother Country to pay a higher price for their produce than she thinks it worth is in this country almost entirely monopolised by the politicians, and even the politicians have very little to say about it except when they visit London.

The least satisfactory part of Mr. Massey's comments on the British Government's rejection of preference was his declaration that it was "not in accordance with the true Empire spirit," and that

he hoped that some day our fellow-citizens in Britain would come round to a better way of thinking, and learn to look at such matters with the Empire spirit, rather than from the narrower outlook of what would suit some particular section of the community.

The *naïveté* with which Dominion advocates of preference are apt to assume that all the broad-mindedness, all the patriotism and all the self-sacrifice are on our side is a very interesting phenomenon. Yet a moment's reflection suffices to show that to grant the only kind of preference that would do us any good would involve the British people in a complete reversal of its cherished fiscal policy and at a pecuniary cost in comparison with which that of our own preferences is infinitesimal. What "particular section" of the community Mr. Massey supposes the 8½ millions of British electors who voted for free trade in December last to have had in view he does not say. But that the particular section of our own community which would benefit from the scheme is not a large one, and that neither

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this section nor any other is worrying about the loss of it does not admit of doubt.

The two hopeful points in Mr. Massey's statement were his belief that Britain, which has hitherto been our best market, will continue to be our best market, and that "what is happening now is encouraging people to think about the possibility of free trade within the Empire."

### III. THE RAILWAY STRIKE

AN unfortunate incident of the visit of the Prince of Wales to the Dominion in 1920 (April 24-May 22) was a strike which paralysed the railways during a part of the time (April 29-May 1). Public opinion, as reported in *THE ROUND TABLE*,\* was equally clear that the railway men had legitimate grievances which had been dallied with too long, and that they had put themselves in the wrong by the method and the time selected for demanding redress. After an interval of almost exactly four years, history has repeated itself. By a most unhappy coincidence what from the local standpoint may be called the greatest Imperial event since the Prince of Wales's visit has been signalised in a similar way. When the leading ships of the Special Service Squadron reached Wellington on April 24, the railways of the Dominion had been brought as near to a standstill as the strike declared by the Amalgamated Society of Railway Servants three days previously could bring them. The arrangements in connection with the visit of the Squadron had already been seriously prejudiced, and the possibility of an indefinite extension of the strike was being freely discussed.

The negotiations with the Government which had been closed in this fashion had been more than a year in progress. The scheme of retrenchment which was applied to the whole public service in 1922 purported to reduce the war bonuses, granted to meet the increased cost of living, by an amount

\* *THE ROUND TABLE*, No. 40, September, 1920, p. 925.

## The Railway Strike

corresponding to the subsequent reduction in that cost. Under this scheme the pay of the second division of the Railway Service, which comprises the wages men, grouped in two powerful organisations, the Amalgamated Society of Railway Servants and the Engine-Drivers', Firemen's and Cleaners' Association, was reduced by 1s. 8d. a day. In February, 1923, the Government was requested by the Amalgamated Society of Railway Servants to reinstate this amount, and later in the year the matter was the subject of petition to the House. Early in the present year the new Minister of Railways, the Hon. J. G. Coates, got to close grips with the question and discussed it fully with the A.S.R.S. leaders.

By this time the claim had increased to 2s. 6d. a day, and a large number of subsidiary claims had been added. At the suggestion of the men the whole case, which now covered 72 demands, was referred to a Wages Board, composed of an equal number of representatives of the Railway Department and of the A.S.R.S., with Mr. H. D. Acland, of Christchurch, as Chairman. After an inquiry which had lasted several days and was mainly concerned with wages and the cost of living, the Society's representatives pressed for an immediate decision on the wages issue, but the Chairman ruled that the whole case must be considered before any part of it could be decided. The Society thereupon (April 10) brought the inquiry abruptly to a close by withdrawing its representatives, and proceeded forthwith to take a strike ballot of its members. During the progress of the ballot the A.S.R.S. Executive proposed a reference to another Wages Board, and the Government assented. But before the details could be adjusted the ballot had resulted in an 81 per cent. majority in favour of a strike.

On April 21 the Government was informed by the A.S.R.S. Executive of the result of the ballot, with the intimation that, failing the offer of some increase in wages, it would operate as from twelve o'clock that night. The Government met this ultimatum in the only possible way.

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As the Society [wrote the Minister of Railways] had refused to take the opportunities offered it of justifying its demands before an impartial tribunal, and preferred to adopt the course of endeavouring to extract an increase in wages from the Government under threat of strike, the Government felt that it had no option in the public interest but to decline to accede to the demand of the Executive of the society.

The strike accordingly began on April 22. "It has now," said Mr. Massey, "become a question whether this country is to be governed by constitutional methods or by direct action." But though the obedience of the members of the A.S.R.S. to the call was virtually unanimous, the struggle did not prove to be nearly so severe as was expected. The emphatic abstention of the Engine-Drivers', Firemen's and Cleaners' Association, between whom and the A.S.R.S. there had previously been a good deal of friction, left at their posts the men who would have been the most difficult to replace. Even on the first day a few trains were run. The number steadily increased, and supplementary services of motor vehicles were organised. A novel feature of the struggle was the active propaganda conducted by the Government in opposition to that of the strikers and in a tone and temper not appreciably more judicial than theirs. On April 26 the A.S.R.S. sought to reopen negotiations with a proposal to refer the matter to a Commission. The personnel suggested was of such a kind that the Government might well have accepted the proposal if it had been made at the proper time. But, as it was, the Government were induced by so obvious a sign of weakening to find in the hospitality due to the Officers of the Special Service Squadron and other urgent business a reason for proceeding with deliberation. On April 29 they replied declining the proposed reference and insisting upon the return of the men to work as a condition precedent to the resumption of negotiation. In the course of the same day these terms were accepted and the strike was declared off. It had only lasted a week.

## The Railway Strike

The reason given by Mr. M. Connelly, the President of the A.S.R.S., for abandoning the strike was that if it had continued another day the trouble must have extended and "the country would have been faced with a large industrial upheaval." A more potent inducement doubtless was the knowledge that the strikers would soon have had to choose between returning to work and dismissal from the service. By the mere act of striking they had forfeited their right to superannuation and other privileges which legislation could alone restore. On May 20 it was announced that as a condition of its consent to this restoration the Government had insisted on the withdrawal of the A.S.R.S. from its affiliation to the Alliance of Labour, and that the Executive had accepted the condition and undertaken not to renew the affiliation during its term of office. The *Evening Post* did not exaggerate the importance of this procedure when it said (May 20) :—

The compulsory withdrawal at the instance of the Government of such an important section as the A.S.R.S. from the transport department of the Alliance of Labour is one of the most sensational developments of New Zealand industrial history for some time past.

The subordination of a large section of State employees to a militant outside organisation is obviously a matter of very serious concern to the Government. In 1922, when the Post and Telegraph Officers' Association desired to affiliate to the Alliance of Labour, the Government resisted the attempt on the ground that the dual jurisdiction to which this branch of the Service would be thereby subjected would be fatal to its discipline; and the resistance was successful. The strongest argument which the Government had then to meet was that they had not forbidden the affiliation of the A.S.R.S. It now appears that this affiliation had been carried out by the Society without the Government's sanction and in violation of its agreement with them. Should the discontent which is still rife in the Post and Telegraph Department result in a



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renewal of the proposal for affiliation to the Alliance of Labour, the precedent which formerly embarrassed the Government will no longer be in the way. Shortly before their trouble with the A.S.R.S. had reached its climax, the similar agitation of the Post and Telegraph Officers' Association had seemed to be the more aggressive of the two, but the defeat of the former has greatly relieved the pressure on both fronts.

So far, indeed, as the A.S.R.S. is concerned, its enforced dissociation from the Alliance of Labour is probably not regarded by the more prudent of its leaders as an unmixed calamity. The idea with which the Alliance was founded was that any affiliated organisation which became involved in trouble could hand over the conduct of its case to the Alliance, and that the Alliance would then be able to mobilise the united forces of organised labour to its support. The logical sequel to the strike of the A.S.R.S. was an appeal to the Alliance of Labour, but the appeal was never made. Either on second thoughts the Society's Executive preferred the tender mercies of the Government to the control of the Alliance, or it realised too late that it had put itself so hopelessly in the wrong that neither through the Alliance nor by any other means was success possible along the line which had been selected. The Government has at any rate by a remarkable victory reasserted the control of its own employees which discontent, agitation and divided allegiance had seriously threatened.

The One Big Union idea, as represented by the Alliance of Labour, which claims an aggregate membership of 50,000 for its affiliated organisations, and is certainly on paper the most formidable machine ever established in the Labour interest in this country, has received a serious shock. In the A.S.R.S. the Alliance has lost one of the most powerful of the affiliated bodies. Discredited by a grievous tactical blunder and shaken by internal dissension, the A.S.R.S. itself has suffered a heavy loss of power and prestige, and its open breach with the other great organisa-

## The Railway Strike

tion of railway workers has dealt another blow to the cause of Labour.

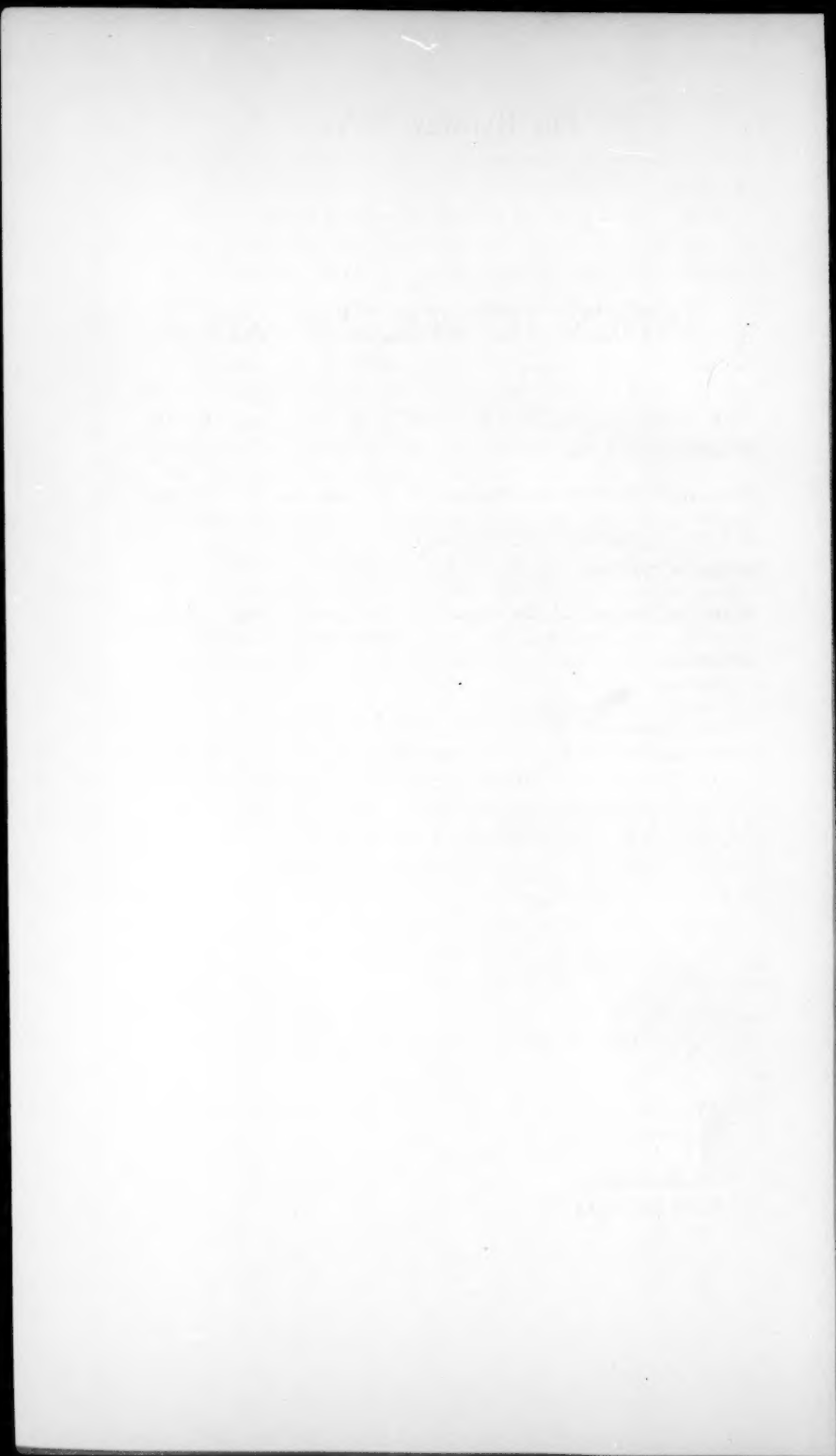
What may be taken as the official view of militant Labour on the tactics of the Government was conveyed in an address delivered by Mr. Holland, M.P., leader of the Parliamentary Labour party, to a meeting of railwaymen at Westport on May 20. Referring to the demand that the men should secede from the Alliance of Labour or lose their superannuation rights, Mr. Holland said :—

The fact that the Government was capable of the threat should demonstrate to Public Servants that with the present Government in control, no industrial, political or economic privilege was safe. It was quite possible that they would next find the Government demanding that the railwaymen should determine their membership of Labour party branches—sooner or later they might expect to find men employed in the State mines peremptorily ordered to have nothing to do with the West Coast Miners' Council, the Miners' Federation, or the Alliance. Not only was there a threat against industrial federation, but the latest pronouncement seemed to indicate that there was no guarantee that the 44-hour week would not be attacked.

Mr. Holland's surmise on this last point was soon proved to be correct. As from May 26, all men in the second division of the Railway Service, except the locomotive drivers, firemen and cleaners, who, as already explained, are in a separate organisation from the A.S.R.S. and did not come out on strike, were put on a 48-hour week. The weekly wages were at the same time increased proportionately, the advance in the basic wage being from £3 19s. 10d. to £4 7s. 1d. The contention of the Government that the way to larger wages is through longer hours has thus been in part confirmed. The A.S.R.S. side of the wages question and all its other demands are now being heard by the Arbitration Court, sitting with two extra assessors representing the Railway Department and the Society respectively.

New Zealand.

June 24, 1924.



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